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BUSINESS SUMMARY

Grocery bills up 11½% in past year
Grocery bills have edged up again after falling for two months in a row. Most fruit and vegetable prices have dropped, but meat, butter and eggs have all gone up, with the result that the F.T. Grocery Prices Index is a marginal 0.35 points higher than a month ago at 236.81.

Most shops will cut their prices
Most shops will cut their prices to limit the next round of coffee price increases. Page 10

Councils to get more powers to aid industry
SOME LOCAL authorities will be given extra powers to help industry under a new Bill planned by the Government. Authorities with serious inner area problems will be able to increase from 75 to 90 per cent their loans for buildings, improvements and land purchase. Back Page

Government should change industrial policy
The industrial policy to put more emphasis on promoting competition, partly through rigorous scrutiny of mergers, rather than encouraging concentration, according to an article by Sir Alec Cairncross and two other economists. They say the Government should avoid direct involvement, but create a more liberal business environment. Page 6

Brewers this week will give the Government their reply to the Price Commission's allegations of inefficiency in the industry.
Some brewers are concerned that lengthy discussions and doubts about the Government's attitude may prevent any beer price rise before the end of the year. Page 10

HONG KONG Governor, Sir Murray Maclehoose, wants Britain to use its influence to persuade the EEC to moderate its stand against textile imports from Asia.
Page 5

Bank lending has grown more sharply in recent months, with industry taking the biggest share, according to Bank of England figures.
Back Page, tables

Companies' capital-raising rights issues, which have tapered off in the past few months, are expected to remain fairly thin for the rest of the year.
The total is unlikely to be much more than £600m this year, compared with £1.2bn last year and £1.2bn in 1976. Back Page

NATIONAL SAVINGS movement has already attracted more funds so far this year than the record total for the whole of last year.
Page 6

People are feeling more optimistic about their financial prospects now than at any time since the beginning of 1970, according to the latest F.T. survey of consumer confidence.
There Mr. Michael Nelson, appears to be stronger feeling or, west missing this is a good time to buy ring on Saturday. consumer durables. Page 10

Healey wins IMF chief's backing for economic package

BY JUREK MARTIN AND DAVID BELL: Washington, Sept. 25

Dr. Johannes Witteveen, managing director of the International Monetary Fund, has approved the idea of a package of measures to stimulate the British economy later this year.

This emerged in remarkable fashion at a Press conference after a meeting of the IMF's Interim Committee under the chairmanship of Mr. Denis Healey, the Chancellor—who assumed the post after the collapse of German and Dutch opposition to his nomination.

Dr. Witteveen noted the general concern that the recovery from the 1974-75 global recession was in danger of petering out. As a result, growth policies should not be confined to the major surplus countries (West Germany and Japan), but be extended to smaller nations in good payment positions (such as the Netherlands and Switzerland) and to countries which until recently had been in difficulties.

He turned to Mr. Healey, who otherwise was dominating the Press conference, and referred to the considerable progress Britain had made. "So far success has been from the point of view, but I regard success as a more substantial development of the real economy."

Mr. Healey seemed barely able to contain his delight, not surprisingly since Dr. Witteveen normally the soul of discretion, is not given to issuing public statements of approbation.

Soon afterwards the Chancellor said he had heard, "quite encouraging" remarks from the managing director in describing the British performance on both the balance of payments and inflation as "astonishing" and said most people thought there might be room for stimulus within the limits of Britain's commitment to the IMF.

It is not thought that either the Healey or other members of the British delegation have discussed the pending British measures in detail with IMF officials here.

The Chancellor implied in Barbados last week that the package would be presented in November, but he refused to speculate on its size or content.

The Government will clearly take comfort from the IMF's endorsement of stimulus, but it West Germany's recent package of measures to stimulate the economy may not be adequate, according to the Munich-based Institute of Economic Research. But it warns that it would be wrong to believe that problem countries can overcome their own difficulties by stronger West German expansion alone.

Herr Axel, the German Finance Minister, was given a sympathetic hearing for his explanation that the German Government's hands were tied in encouraging growth because of the reluctance of the regional authorities to make full use of the incentives which had been offered.

Mr. Healey said the latest German measures were stimulating imports into Germany, though he was much less sanguine about the Japanese measures having the same effect. But when asked if he thought they would mean that Germany would reach growth targets next year, he replied: "You'll have to ask Axel," adding that for the current year German growth was going to be at least 2½ per cent, below its goal.

A pessimistic view of the outlook was given by Mr. Emil van Eindhoven, a Dutch official.

Israel agrees to unified Arab delegation at talks

BY RICHARD JOHNS, MIDDLE EAST EDITOR

THE ISRAELI GOVERNMENT yesterday accepted, but only with important qualifications, that Arabs might be represented by a unified delegation at the opening session of negotiations for a Middle East peace settlement, and that Palestinian delegates might participate in it.

Hitherto Israel, in her search for separate peace treaties, has rejected the concept of a single delegation.

Acceptance of it appears the only movement toward breaking the procedural deadlock before reconvening the Geneva Conference which has resulted from last week's talks between President Carter and Mr. Moshe Dayan, the Israeli Foreign Minister.

The proposal for a unified delegation was put forward by the U.S. to overcome the problem of Palestinian participation, which Mr. Carter believes essential. Egypt, Syria, Jordan and the Palestine Liberation Organisation have all indicated that in principle they are amenable to such an idea.

After announcing its approval the Israeli Cabinet issued a communique laying down conditions for its accepting the idea of a unified Arab delegation.

1. It should take part only in the opening ceremonial session of the conference and conduct no negotiations.
2. It should split into three working groups dealing with:
 - a) The Palestine Liberation Organisation said last night that Palestinian guerrillas in South Lebanon had begun a ceasefire. Page 4.
 - b) problems relating to individual settlements with Egypt, Syria and Jordan.
 - c) Palestinian participants with no links with the Palestine Liberation Organisation might participate but only as part of the Jordanian delegation.

Mr. Dayan said yesterday that Israel had not in any way softened her previous stand against dealing with a unified Arab delegation or the P.L.O. In an American television interview he explained that his Government had agreed only to a "symbolic" reconvening of the Geneva conference.

The Israeli Government has for some time indicated that it would not seriously consider the origins of members of a Jordanian delegation, provided that they were not known members of the P.L.O. Israel's aim now is apparently to get included prominent individuals from the West Bank, the most obvious candidates being the elected mayors of the municipalities there.

Most of the mayors and councilors returned in last year's poll, which saw many traditional "notables" removed from office are known to have P.L.O. sympathies.

In an interview recorded last week by the American Broadcasting Corporation, the transcript of which was released today, Mr. Yasir Arafat, the P.L.O. leader, said that the inhabitants of a new Palestinian state should have self-determination on the relationship of that state to Jordan—but not if the vote decided that King Hussein should be the new nation's leader.

Differences over international rules against business bribery

BY MARGARET REID

THE INTERNATIONAL business community's efforts to hammer out an agreed code of conduct to fight the growth of bribery in world commerce are running into problems because of sharp differences over the toughness and scope of the rules required.

Lord Shawcross, the former Attorney-General, who is chairing the Commission of Ethical Practices set up by the International Chambers of Commerce to tackle the problem, is battling for adoption by companies of a tough code of rules to outlaw bribery, extortion and secret "slush" funds.

Backed by most British and American opinion, he wants a wide-ranging code, of the kind already drafted, to ban giving or seeking bribes and kick-backs, and to lay down strict principles concerning agents and political payments, along with a council to administer the code.

Continental businessmen are taking a more sceptical view of the effectiveness of the proposed code, and of the adjudicatory role planned for the council. In France, West Germany and Holland particularly there is a desire to replace the draft code with an inevitably softer statement of guidelines.

Lord Shawcross, who is also chairman of the City Takeover Panel and the Press Council, is believed to feel so strongly about the need for an effective code of conduct that he would in the last resort resign rather than be associated with a substantially watered-down version of the draft "Shawcross Code."

He is thought to be determined to make a stand in favour of rules embodied in a code, rather than guidelines only, and for the concept of a council to run the system.

Papers circulating among businessmen who have considered the draft code show that at a confidential meeting on the subject at the end of June Lord Shawcross said: "I just want to emphasise that the Commission is composed of people of importance and standing who would not lend themselves to window-dressing but would retire if the ICC were not prepared to put forward something credible."

"None of us on the Commission is prepared to be a party in some wishy-washy suggestions of what people ought to do, without any sort of means of ensuring that they are persuaded to do the things."

The International Chambers of Commerce set up, in December 1975, a commission of eminent people under Lord Shawcross to examine corrupt payments.

Other members included M. Jean Rey, the Belgian who was formerly President of the European Economic Commission; M. Jacques Georges-Picot, one-time president of the French Compagnie Financière de Suez; and Sheikh Ahmed Zaki Yamani, the Saudi Arabian Petroleum Minister.

The draft code it produced, essentially aimed at strengthening companies' hands in resisting extortion in the shape of demands for bribes as a prelude to doing business, was circulated to the 54 national committees of the ICC and made known publicly earlier this year.

The threatened rift has become apparent following circulation in the business community of the full report of a two-day confidential conference of leading world businessmen at Versailles on June 28-29 to discuss the draft code.

A revised and simplified draft code of business conduct is likely to be put before the next meeting of the Commission in Paris on October 5-6.

This new draft could well, in response to criticism, drop two provisions which have been especially disliked. One is a model clause against bribery which had been intended for companies to write into their own contracts; the other a "restraints of trade" provision in favour of free competition resented by many as not really relevant to the area of corruption.

Over 200 queue for Skytrain take-off

By Michael Donne, Aerospace Correspondent

A QUEUE of more than 200 people awaited the opening of the Skytrain ticket desk at Gatwick Airport at 4 a.m. today. Some of them had been waiting since Friday evening.

The first Laker Airways Skytrain—a DC10 jet—takes off at 5.30 p.m. today offering 345 seats to New York at £59 single. There will be a daily flight from now on.

The first Skytrain from New York will leave Kennedy Airport tonight at 11 p.m. Tickets are also available from a Laker office from 4 a.m. and queues there in the rain were reported last night.

Yesterday, Mr. Freddie Laker, who greeted the Gatwick queue and served the aircraft on its request, described his service as "the best show in town." He will be on the flight deck for the first trip.

While many of the rules governing Skytrain have been changed—making it easier to sell tickets to the public—it is assumed that Mr. Laker intended a go-ahead, no-reservations service at the lowest fare yet for scheduled flights on the North Atlantic.

Mr. Laker believes firmly that he is tapping a new market. But Skytrain faces formidable competition from the scheduled airlines—members of the International Air Transport Association.

They have London-New York traffic rights—British Airways, Pan American, Trans World Airlines, El Al of Israel, Air India, and Iran Air.

These six airlines can offer up to 2,900 seats out of London every week, either on a no-reservations standby basis at 161 single, or through the 21-days advance booking Budget Plan, at 148 single.

With Laker's flights, there will be more than 5,200 cheap flights every week out of London to New York on seven airlines.

Under the Budget Plan, a passenger gives an airline 21 days' advance notice of his travel date, but he must be prepared to accept a flight several days either side of that. The airline guarantees to give him at least ten days' notice of his flight.

John Wyles writes from New York: Laker's new Skytrain office will open here this morning. Yesterday inquiries were told by a recorded telephone message when tickets would be available. They heard that meals and films would be available during the flight, but that they were to pay for them, and that they were "welcome to bring your own sandwiches."

Americans are said to have shown strong interest in the service.

Government stand on payangers MP's

BY PAULINE CLARK, LABOUR STAFF

THE GOVERNMENT was faced with the wrath of both Tory and Labour MPs yesterday including a demand for recall of Parliament because of its tough stand on pay negotiations in a number of Britain's leading companies.

As Ministry of Agriculture officials confirmed that Tate and Lyle, the sugar company, had been threatened with Government sanctions if it gave in to workers' claim for a wage rise well above the 10 per cent guideline, there were strong calls for either a legally enforceable and properly worked out incomes policy or for a return to real free collective bargaining.

Mr Norman Lamont, Opposition spokesman on industry, described the threats to Tate and Lyle as "even more objectionable and extraordinary than those in the case of the Belfast company James Mackie."

"If the Government wish to have a rigid statutory policy they should have the guts to put laws through Parliament to that effect," Mr. Lamont said.

Mr. E. J. Prentice, Labour MP for Newham North East, criticised Government policy for being a "half-way" house. He argued that the Government should either have a properly defined statutory incomes policy or else it should move towards free collective bargaining "in the absolute sense."

Tate and Lyle is one of a number of companies faced on the one hand by wage demands which appear to breach the Government's guidelines, and on the other by the threat of Government sanctions if they agree to meet them.

Vaughan over the week-end returned to the negotiating table with an improved offer of around 10 per cent to its 10,000 workers in Luton, Dunstable and Ellesmere Port factories.

Unions had earlier rejected an 8½ per cent offer with threats of militancy. This week they will be looking at the new offer to employees.

The decision was taken after an appeal earlier in the week from the TUC printing industries committee for reconsideration of the union's position. The NUJ said instead last night that the mediator would be examined "in the light of union policy."

Mr. Ken Morgan, general secretary of the NUJ, added that the union would be in touch with the printing industries committee meetings, a with the printing industries committee majority was said to be in favour of the union withdrawing its demand that any settlement following mediation talks must uphold the policy of 100 per cent post-entry membership, appointment of a mediator.

NUJ ready for mediation

BY OUR LABOUR STAFF

THE National Union of Journalists agreed last night to allow mediation to take place on the 16-week closed shop strike by the journalists in Darlington with-out insisting on pre-conditions. At the same time, it made clear, however, that during the mediation process, the 107 striking journalists would not be going back to work.

After a three-hour special executive committee meeting, a heavy majority was said to be in favour of the union withdrawing its demand that any settlement following mediation talks must uphold the policy of 100 per cent post-entry membership, appointment of a mediator.

THE TEN COLLEGE market personal...
America: the top...
Cool blaze...
German Government...
people welcomed...
scheme allowing...
water-filled under...
was found dead at...
Mr. Michael Nelson...
orksp, west missing...
ring on Saturday.

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FEATURES		FT SURVEYS	
conomy	14	Arab co-operation and development	15-26
hemicals	27	Managing energy	33-35
ports	30		
	2		

ON OTHER PAGES	
12 Home News	6-10
13 International	11-14
14 Company News	15-18
15 Labour News	19-21
16 Leading Articles	22-24
17 Letters	25
18 Laid	26
19 Weekend	27
20 Leadword	28
21 Mining Notebook	29
22 Overseas News	30

Less freedom for town halls

BY COLIN JONES

Both the Government and the Conservative opposition have now come out against the main thrust of the Layfield report on local government finance...

THE WEEK IN THE COURTS

The case against confusion

BY JUSTINIAN

LAWYERS RETURNING to examination and in the House of Lords the parties do prepare a written brief in advance of the oral hearing...

Continuity

None of this would matter were it not for another feature of the English trial process. Again unlike the continental systems where cases are dealt with in stages...

TWO LOOKS AT THE TOP OF DIVISION TWO

A star is born at Palace

THERE ARE few more exciting hand to flick in the winner, or satisfying moments than the first sight of an exceptionally talented youngster in top level sport...

SOCCER

BY TREVOR BAILEY

special. He has balance, poise, speed, very fast reflexes and ball control. Whenever he was in possession he seriously troubled a tight, well organised Bolton Wanderers defence...

Tottenham prosper

TOTTENHAM are prospering. Their highest crowd of the season, 32,914—Saturday's fourth best in the Football League—saw them advance to the top of Division Two with a 2-0 win against Luton and co-operation from Crystal Palace...

Newport win a dreary game

THE CLASH between East and West in Wales has produced some forgettable matches but Newport's game against Swansea before Bale pointed the way for a depressing-dreary and opprobrious game...

RUGBY UNION

BY PETER ROBBINS

practice and then the ability to keep Newport in touch. Wheel and Davies won a lot more ball in the second half in the line-out but the scrum began to look suspect...

Faldo triumphs at Waterloo

NICK FALDO, the new wonder boy of British golf, held on at Royal Waterloo Golf Club, Belgium, in the drizzling rain yesterday to win the Laurent Perrier tournament over 54 holes by two strokes from the veteran American...

GOLF

BY BEN WRIGHT

Faldo had rounds of 69, 69 and 70 for an 11-under-par total of 208. Casper scored 71, 68 and 71 for 210, and Ballesteros achieved the same total with three rounds of 70...

Dunlop scores treble victory

JOHN DUNLOP, could hardly have had a better afternoon on the Royal Lodge, Shireley Heights, whose best previous performance came when he lowered the colours of Sexton Blake in a seven-furlong...

RACING

BY DOMINIC WIGAN

The four-year-old Trused, a chestnut son of Crepello, made up for a slightly disappointing display in a Group Three Baden-Baden event in which he finished a well-beaten second, with a particularly brave effort...

back was splendid in defence and attack. For the past two years Bolton Wanderers have been among the most cultured teams in Division One and have been unlucky not to gain promotion...

James French

Faulkner pushed Duncan, steady himself to shoot from the penalty. Lesman five minutes into the second half Aleksis failed to hold McNaib's powerful drive and speedy Jones tapped in...

James French

as they did at the mauls from line-outs. Barrell's control at No. 8 was extremely helpful and he was also used as a battering ram...

Swansea

Swansea had a reserve half-back pair but that ultimately was not the cause of their undoing. This was the repeated killing of the ball at the rucks which gave Webber first...

Swansea

Swansea were fortunate that Roger Davies faced the difficulties so calmly, but despite this his part of pressure kicking had its effect...

Goodwood

Harbour, who ran away with the 21-runner Yattendon Stakes at Newbury. It came as a big blow to many when he failed to feature in Sandown's Inter-craft Solaris Stakes...

TV Radio

- 6.40 a.m. Open University (CBF only) 2.55 For Schools, Colleges, 10.45 You and Me, 11.00 For Schools, Colleges, 12.45 p.m. News, 1.00 Pebble Mill, 1.45 Fingerposts, 2.01 For Schools, Colleges, 2.15 Songs of Praise, 2.33 Regional News for England (except London), 2.55 Play School (as BBC-2 11.00 a.m.), 4.20 The Wombles, 4.25 Jackanory, 4.40 Sally, 5.00 John Craven's Newsround, 5.05 Blue Peter, 5.35 Barbapapa, 5.40 News, 5.55 Nationwide (London and South-East only), 6.20 Nationwide

F.T. CROSSWORD PUZZLE No. 3476

Grid for crossword puzzle with numbers 1-29 and letters A-Z.

- ACROSS: 1 Advertising salesman found morning about (5, 8), 10 Recorder made to come to the point (5), 11 Rush to see flat opposite (4, 8), 12 Forelast of what was important to Wilde (7), 13 Beg Cockney female to do business (7), 14 Refuse to make doctor ring chap (8), 15 Endure revolution at end of fight (4, 5), 16 Don't agree to convey children (4, 5), 17 Chair requiring Polish supporters' (5), 18 Insects caught by one boulder since (7), 19 Month to take round strong drink with propriety (7), 20 Fashionable start of attack on Northern line breaks into emptiness (8), 21 Pub for instance returns 24 (letter) (5), 22 Officer free to order wide spread showing of film (7, 7)

LONDON

- 6.30 Are You Being Served? 7.20 The Rockford Files 7.40 Panorama 9.05 The Monday Film: "Play It Again, Sam" starring Woody Allen 10.50 To-night 11.30 Regional News All regions as BBC 1 except at the following times: Wales—1.45-2.00 p.m. Pili Paia, 5.55-6.20 Wales To-day, 6.50-7.20 Heddy, 11.20 News and Weather for Wales, Scotland—10.00-10.20 a.m. For Schools (around Scotland), 5.55-6.20 p.m. Reporting Scotland, 10.50 Calum Kennedy sings Sea Songs, 11.20 News and Weather for Scotland

RADIO 1

- 6.40 a.m. 15 Radio 1, 7.02 News, 7.05 News, 7.10 News, 7.15 News, 7.20 News, 7.25 News, 7.30 News, 7.35 News, 7.40 News, 7.45 News, 7.50 News, 7.55 News, 8.00 News, 8.05 News, 8.10 News, 8.15 News, 8.20 News, 8.25 News, 8.30 News, 8.35 News, 8.40 News, 8.45 News, 8.50 News, 8.55 News, 9.00 News, 9.05 News, 9.10 News, 9.15 News, 9.20 News, 9.25 News, 9.30 News, 9.35 News, 9.40 News, 9.45 News, 9.50 News, 9.55 News, 10.00 News, 10.05 News, 10.10 News, 10.15 News, 10.20 News, 10.25 News, 10.30 News, 10.35 News, 10.40 News, 10.45 News, 10.50 News, 10.55 News, 11.00 News, 11.05 News, 11.10 News, 11.15 News, 11.20 News, 11.25 News, 11.30 News, 11.35 News, 11.40 News, 11.45 News, 11.50 News, 11.55 News, 12.00 News, 12.05 News, 12.10 News, 12.15 News, 12.20 News, 12.25 News, 12.30 News, 12.35 News, 12.40 News, 12.45 News, 12.50 News, 12.55 News, 1.00 News, 1.05 News, 1.10 News, 1.15 News, 1.20 News, 1.25 News, 1.30 News, 1.35 News, 1.40 News, 1.45 News, 1.50 News, 1.55 News, 2.00 News, 2.05 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is born at

The Valkyrie

by MAX LOPP

Valkyrie, although the plot unfolds in one sweep from first note to last, is a performance of such dramatic fullness of order that it is Mackerras's mark as a conductor to be noted. The end of the opera, as if the heavens had opened, is a survey of the ultimate story as missing.

with its very individual lyrical power and sheen, its expression of warmth and simplicity without awkwardness, was in fine fettle. The way emotional pressure directed and coloured the long phrases of the announcement of Death scene into a statement of tragic heroism went a long way towards explaining why Siegmund is the most mature, most compassionately perceived, of all Wagner tenors. To this radiant, honest performance, Age Haugland's Hundung, menacingly handsome, huge of voice and form, was a worthy antagonist.

All the same, the first act failed to rise completely to them, because the Koltar set remains unsatisfactory for all the additions and subtractions practised on it over the years. (Its effect of plastic wood and toybox foliage is compounded by lighting still not right—surely a "glorious spring night" should avoid the glare of suddenly switched-on mid-day.) And because the vocal limits and limitations of Ava June's Sieglinde, for all her sympathetic qualities (including the familiar eloquence of diction and the inability to execute a carelessly conceived movement), inhibit the flood of the love music. In a similar though far less conclusive manner, Miss Walker's Fricka, still patient and implacable, sternly distinguished by the gift of the right inflection for each word—falls to clinch her argument because of cloudiness at the top of her compass—where they would have been triumphant, lines came out veiled.

Raimund Herinx is now a woman of many resonant, powerful features. Tarented magnificence is not among them—something uncanny in Mr. Herinx interposes between us and the god's agonies. But he has seldom sung more nobly, with staid firmness (if not exactness) in the high phrases, great vehemence and force in declamation, and controlled tenderness—like a bassoon superbly played. Mr. Herinx's instrument is capable of dignity and beauty. His departures from the text, in a series of haughty (if faint) notes and grim involvement was more behold. The voice, closer in meaning to "Lebe-



Margaret Curphey

wobles letzten Kuss" but it gave rise to the kind of misaccents which this admirable translation is never guilty of. Although she has played the Valkyrie Brünhilde on a previous occasion, Margaret Curphey now undertakes the complete cycle for the first time. She does so with high promise; with a merry, forthright swing of her handsome long red hair, a glint in her eye, and a clarity of enunciation far removed from the smooth, earlier contained portrayals of earlier days, her enthusiasm for the role is evident and winning. At first

The Cage

by RONALD HOLLOWAY

Samuel Beckett directs his *Cage* at the Akademie der Künste for the Berliner Festwochen. Rick Krapp, prison-playwright of *The Cage*, plays Krapp, a man who has been trapped in a cage for over 30 years.

Besides having an understanding of the despair and the anguish, the naked brutality of living for an immeasurable expanse of time in a cage. Beckett has made regular trips to the Schiller-Theater to direct his own plays for over a decade now. Cluey, assisted on his *Waiting for Godot* and the result is the chance to penetrate deeper into the sub-feelings of the feeble, wretched, solitary Krapp.

Cluey is also publishing an official version of *The Cage*, the play directly stemming from Beckett's influence (via a chance *Waiting for Godot* production by the San Francisco Actors Workshop at San Quentin prison). Half of his 40 years have been spent creating this slice-of-life about people in cages.

Sentenced to life imprisonment at San Quentin in 1955, he saw the Herbert Blau and Actors Workshop produce *Waiting for Godot* in 1957 and founded the San Quentin Drama Workshop a year later. He produced and acted in some 30 plays while writing *The Cage*, which had its premiere behind bars in 1962. A year went by before it was known in prison became an overnight sensation, and the play was cited by Governor Brown of California as one of the reasons for granting Cluey parole.

Since then, over 12 years, *The Cage* has been performed 2,000 times by groups of ex-convicts under Cluey's direction in America and Europe. Critical praise and university audiences have flocked to it. Instead of being a play about the cage, it has become a play about the human condition.

The Berliner Festwochen, the autumn arts festival, will publish an official translated (Klaus Ruser) version of *The Cage*. For more than a decade no official text has been made available. These are many reasons why *The Cage* has had more impact and power if performed by prisoners, followed by a lengthy discussion afterwards with the audience. It also went through many changes as Cluey and his small ensemble came into contact with experienced workshops as much taken by Beckett, Arthur, Groszowski, and the Living Theatre as he was by Beckett.

The main reason I think is that *The Cage* breaks the rules of literary debate by refusing to be classified. It's not "documentary drama" in the strict sense of the term, for the element of allegory (note the title) predominates throughout. Neither is it "anti" nor "surreal" nor any of the other time-worn categories so common to experimental-theatre today. If anything, it is "experi-

The Two Pigeons

by CLEMMENT CRISP

The Two Pigeons is generally performed as a comedy of sentiment, with youthful longing to provide most of the emotion. To see the piece performed, as it was on Friday night, in alternative terms, was more compellingly and more compellingly than anything else I have seen. It was a surprise to find that this made excellent sense in the first act. The action became a sequence of sparring matches between Marzaret Barbiere (as the Young Girl) and Desmond Kelly (as the Young Man), and that with Maria Gieloud (as the Gypsy Girl) Barbiere is the prettiest feather-weight contender we are likely to see, and her battles with Kelly and Gieloud were marked with wit, grace and energy and an appealing sincerity when her beloved opted for the dark eyes and cold-eyes assets of the younger (Barbiere's) man, holding the Young Man's cloak.

Every major performance in this Wells Royal Ballet performance was Desmond Kelly's presentation of the role. Not as youthful-looking as most interested, Kelly's response with a character more like that first envisaged by Ashton. Although the role was created by the very gifted, but still immature, Christopher Gable, it had been intended for Donald Britten, an altogether different artist—more assured, more "grown-up" in stage presence. This is Kelly's quality in the role, and the contrast with Barbiere's teasing, self-full irony, conceals a bright dramatic effect. I found, in fact, that Kelly's performance was the best I have seen. Playing of such intelligence and such source, it is not surprising that it is not a "celestial" performance. Kelly's appeal is that we say "How right!" It comes from

Orange Tree, Richmond

by CLEMMENT CRISP

What really goes on in the heads of the sad pedagogues in third-year secondary modern schools as they face their daily encounters with grubby inarticulate, impudent children with no thoughts in what may laughably be described as their minds beyond football, pop music and sex?

Andrew Davies seems to have a comprehensive knowledge of such arcane matters. In *Teachers Gone Mad* he assembles a cast of seven such unfortunates and throws them into an emergency; the Headmaster (played by the author) dies of a heart attack just before morning assembly, and we watch the reactions of his assistant teacher. Frustfully (Michael Winne) is least moved, for life is one long disaster to him anyway. Dung, the sports master (Philip Joseph), is not much affected either; he thinks of nothing but interfering with the girls' Miss Nettles (Sharon Macdonald), a new arrival who believes that in the unlikely event of her being able to do anything she can teach her class to appreciate Wordsworth.

The secret dreams of teachers are hilariously and pathetically revealed, and enacted by the company with a nice compound of comedy and suffering, though I would have welcomed more forward movement to drive on what is virtually a series of set-pieces from the initial futility to the final diaspora. The imaginative production is by Anthony Cornish.

B. A. YOUNG

LISZT FESTIVAL

re Hall

David Wilde

by DOMINIC GILL

one odder quirks of the pianist, and one which puzzled me, is the onstrably and widely known, that they can with, and that their will be content to standard of performance. Liszt's music, which y for their audiences countenance in per- music by any other

e a thousand explana- his curious principle, probably the most are the relative ty of the greater part output, and its unique quality; and the 'encouraged by our tools, that most of no music is no more ow and vulgar rant, consequence the best ceasing it is to play fast and as loudly as as slowly as possible, using the hands.

Campoli/Tryon

by ARTHUR JACOBS

I respect to the Liszt Brahms' Hungarian Dances (in its chosen composer. It is Dohnanyi's Sonata, with its quiet ending that took the audience by surprise. Here Mr. Campoli was the artist of long-spanning, romantic eloquence, in the same composer's *Rhapsodie* and gaitly, was the spirit of dash and gaiety. For the concert-goer who sought guidance to the Liszt items by consulting the printed programme. It stated wrongly that the *Grand Duo* was not copied until 1963 and that the *Epithalamium* is based on a piece called *Marriage Feast* by the violinist Remenyi. (It is a completely original work of Liszt, written for Remenyi's own marriage.) Neither of these pieces can really stand up to an evening, his later day. Dohnanyi was called Serly to complete the *Grand Duo*. But a set of variations on a song rived reinforcements. But a set of variations on a song rived reinforcements. But a set of variations on a song rived reinforcements.

The Entertainment Guide is on Page 10

ing, delivered with energy but little sense of fun, and very most part (except where the score positively forbade it) in fits of relentless, uncoloured fortissimo. Mr. Wilde had chosen a big virtuoso programme; he only lacked the kind of virtuosity to sustain it which encompasses not merely the notes, but the

became lights and shadows, vibrant colours and inner voices, satanic, heavenly visions, of the music as well. His recital was one of a week of eight Liszt concerts at the Wigmore Hall—only a small part of Chris de Souza's admirably spirited and well-intentioned, if also vastly over-ambitious, Liszt Festival, which spreads like a giant Lisztian spider around central and outer London until the end of next month. Too soon yet to say whether it might not prove to have been wiser to concentrate resources on a smaller but still more potent list of concerts. It is, the programme offers some substantial rewards, not least a *Christus* which promises better than the Paris version (at Westminster Cathedral on September 28), and the first performance in modern times of Liszt's only opera, *Don Sanchez* (at the Collegiate Theatre, October 21).

or with his *Totentanz*, yet the soloist's material at any rate is striking and attractive enough to warrant more than an occasional performance. Any composer less protean and restlessly creative would surely, at some time during the half-century or so that remained to him after completing this early work, have turned to the other time-worn categories so common to experimental-theatre today. If anything, it is "experi-

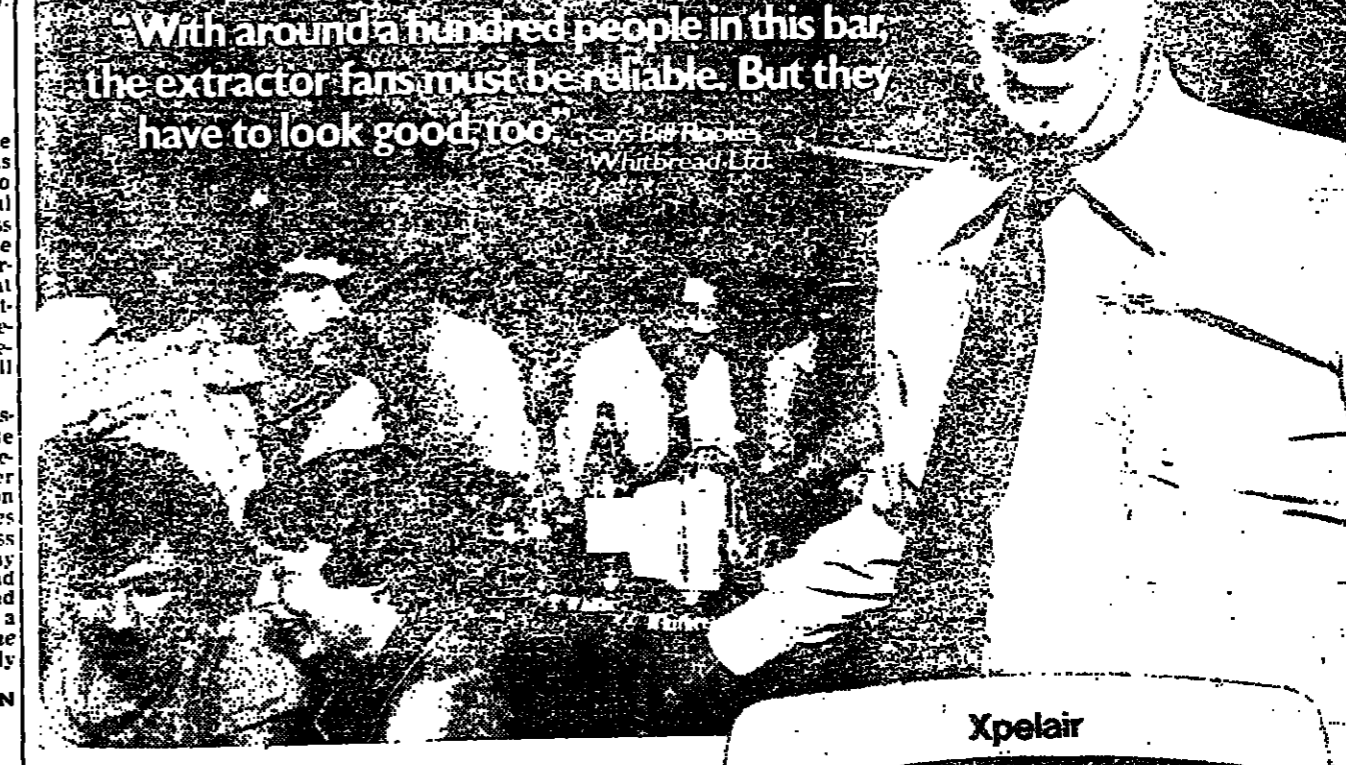
As he left it, there is a discrepancy between the elaborate piano writing (powerfully delivered yesterday by Mr. Kentner from his accustomed position on a footstall—how he produces such a flow of tone, goodness knows) and the rather sketchy string parts. Mr. Goldberg and his players from Manchester had already proved themselves in a performance of Mozart's *Die Kletze* *Nachtmusik* unusually full of interest.

RONALD CRICHTON

St. Mary-le-Strand

by H. A. N. Brockman, Architecture Correspondent

The church of St. Mary-le-Strand in London is one of the capital's most delicate and beautiful monuments in the Baroque style. It is unfortunately, in a very bad structural condition as are so many of our older buildings following the ravages of time, vibration and pollution. An appeal, launched recently by Sir John Berjeman is seeking £400,000 which will not only look after the structure but will restore to Gibbs's designs decorations and floor tiles and will realign the pews in ranks stylistically and in detail to the way only recently finished St. Paul's Cathedral. It is indeed a most attractive building and one of the few churches in London which can be seen as a whole and viewed at a sufficient distance for proper appreciation of all four faces. The west front has recently been cleaned as can be seen from the illustration, but the soot, carved elsewhere (some 24 inches of soot upon them) must



The extractor fans installed in Whitbread's public houses not only have to be reliable, but they have to be good to look at, too.

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OVERSEAS NEWS

Ceasefire in S. Lebanon reported

PALESTINIAN guerrilla forces in South Lebanon began a cease-fire at 5 p.m. today, a high Palestine Liberation Organization official said. Earlier today both Palestinian and Lebanese right-wing sources said an immediate cease-fire had been agreed in principle by the Palestinians and the Israeli-backed right-wingers, to end their ten-month border war. But a right-wing official said formal announcement of a cease-fire, and its implementation, awaited a U.S. request.

An Israeli State television report said that an apparently imminent cease-fire agreement would result in an Israeli withdrawal from positions "they are supposed to be holding just inside Lebanon" in return for Palestinian concessions in the area. Israeli officials in Jerusalem declined comment on the cease-fire report, and, according to eyewitnesses, heavy shelling between Israeli and Palestinian positions continued across the border to-night. Our Tel Aviv Correspondent adds: Meanwhile the Israeli Government was reported here to have rejected a U.S. appeal to withdraw troops which have established positions across the border. The Tel Aviv afternoon newspaper Maariv said that a request had been conveyed by Mr. Philip Habib, Assistant Secretary of State, to Mr. Simcha Diniz, Israeli Ambassador to the U.S. He sought

guidance from Mr. Moshe Dayan, Israeli Foreign Minister, currently in New York for the opening of the UN General Assembly, who replied that if Israel pulled back any troops from the south of the Lebanon the Palestinians would increase their strength in the area, according to the newspaper's Washington correspondent. In Jerusalem officials at the Israeli Foreign Ministry denied any knowledge of such an appeal. Last night and this morning Palestinian rockets hit the towns of Safed and Kyriat Shmona, injuring three people. An officer was killed and three other soldiers seriously wounded on Friday night when an Israeli patrol was ambushed by guerrillas. Confirming the incident, a spokesman said that it had happened inside Israeli-held territory—in contrast to a Palestinian claim that the

clash had been near Meri, than four miles inside border. Heavy artillery fire directed from Israeli post against the source of Katyusha rockets. Mr. Menahem Begin, Israel Premier, is expected to set on a collision course the "Gush Emunim" movement, the religious zealots which has been the Government for years to set up 11 new settlements in the West Bank before the end of the winter. The Premier and Mr. Sharon, the Minister of Culture, who heads the Government's Settlements Committee with representatives' movement this morning. They made it clear that the Government will not account permit settlement without the approval of the settlement committee or at times other than determined by it.

Communists attack Socialists after French Left talks fail

By DAVID CURRY

PARIS, Sept. 25.

THE FRENCH Communist Party this week-end launched a heavy propaganda campaign to throw upon the Socialists the entire blame for the breakdown of talks last week to update the common programme of the Left, and label the Socialist Party as the betrayer of the working class. Socialist headquarters for its part teleaxed its main branches repeating that Communist intransigence in trying to extend the original nationalisation programme was to blame for the collapse of the negotiations, which were supposed to draw up a revised joint manifesto for the general election of March next year. While the Socialist leader, François Mitterrand, remained silent, and refused to meet M. Georges Marchais in the sort of televised, slanging match

which the Left has indulged in over the past two weeks, other Socialist leaders did not hesitate to suggest that the Communists had deliberately sabotaged the discussions. But the running in the propaganda war was being made by the Communists, with their greater number of activists, stronger organisation, and substantial trade union support. Around 100 workers from the Renault branch of the 2.5m. strong Communist-led CGT union took up stations outside the Socialist headquarters in Paris in a "spontaneous" demonstration of anger at Socialist attitudes. Meanwhile, Communist militants were convened to meetings in 13 cities to have their party viewpoint explained—the Social-

ists say these meetings were called before the breakdown of the talks. The Communist Central Committee, lined off a long letter immediately published to the Socialist leadership going over its grievances and accusing it of trying to wreck not only the nationalisation proposals in the 1972 programme but a whole string of social, economic and industrial democracy policies as well. Reuter adds: The Left today did less well than expected in indirect elections to the Senate, taking only 10 extra seats—half the number forecast by some political commentators. The vote was by an electoral college of National Assembly deputies and local government councillors. 115 of the seats were up for election.

Somalis renew Ogaden offensive

NAIROBI, Sept. 25. HEAVY fighting between Somali troops and Somalis was reported around Harar—one of Ethiopia's major strongholds north Ogaden region, now entirely in the insurgents' hands. A communique broadcast by the Somali military said that insurgents shot down Ethiopian F5 fighter yesterday, about 250 miles east of Addis Ababa. The communique said members of the Western Liberation Front had killed Ethiopian troops, and heavy losses were inflicted on the Somali army at Harar. Ethiopian headquarters towns thousands of Government are believed to have massed to repel Somali. After more than a week, the Somali command appeared to indicate that Somali offensive was pressing westward from which they claim to have captured at the beginning month. Jijiga, Harar and a third Dire Dawa, are the main Ethiopian defence north of the Ogaden. Somali insurgents claim to have captured 85 per cent of the Ogaden territory. UPI Reuter adds from Khartoum: Ethiopian guerrillas won a battle on Friday against the Ethiopian Government north of Asmara, the capital, the Sudanese daily paper Al Ayam reported. The guerrillas killed Ethiopian soldiers, destroyed tanks and drove a 100 Government force back to Asmara, the paper said.

Moscow optimism on SALT

By David Satter

THE JOINT U.S.-Soviet communique on the latest round in the Strategic Arms Limitation Talks today gave the most optimistic assessment of progress in the talks since negotiations began between the Soviets and the Carter administration began. The communique, which was carried here by the Soviet news agency Tass, said that progress was achieved in bringing the two sides closer together, and although areas of disagreement remain, both sides consider it necessary to intensify their efforts to achieve progress in U.S.-Soviet relations. Apparently indicating some Soviet success in the talks, the communique said that both sides expressed their desire for the stable development of relations on the basis of "existing treaties and agreements." The Soviets have said that any new SALT agreement must be negotiated on the basis of the 1974 Vladivostok accord. The Communist Party newspaper Pravda, meanwhile, informed the Soviet public that the first Strategic Arms Limitation Treaty will be extended in formal negotiations with the readiness of both sides to complete a new agreement in the near future.

Italy radicals congress fails to threaten PCI

By PAUL BETTS

BOLOGNA, Sept. 25.

A WEEK-END congress of the Italian Communist Party (PCI) in Bologna today failed to threaten the party's position. The PCI has demonstrated that for the moment anyway, the PCI does not face a serious electoral challenge from the Left. In local terms, this northern city was still under considerable tension to-night because of fears of clashes between the militant fringes of the extreme Left-wing groups here, and the Roman Catholic authorities holding the concluding procession of their Eucharistic Congress. Tight security guarded the city's Cathedral Square—during the last 48 hours was transformed into a dormitory and one of the main rallying points for 15,000 or so so-called Left-wing independents gathered here for their first "congress against repression" in Italy.

The PCI and the city's Communist administration clearly regarded the conference as an important test case. At a time when the Communist Party is causing growing confusion within its own base as a result of its decision to sustain the minority Christian Democrat government in office through the so-called "inter-party" programmatic accord, the party has been increasingly concerned that it could now be out-maneuvred from the Left. But the week-end Bologna conference proved no such thing. The various groups—ranging from militants and provocateurs with the bric-a-brac of revolutionaries, Marxist-Leninists and Maoists, the so-called Metropolitan Indians who smear their faces with war paint and shout slogans like "De Sade lives" and the Nihilists—demonstrated not only that they had no cohesive political line but that they are acutely split among themselves.

Bonn package criticised

By ADRIAN DICKS

BONN, Sept. 25.

AMID reports that West Germany is still coming under criticism from its partners at the International Monetary Fund annual meeting for not doing enough to stimulate economic recovery, Bonn has been handed a similar financial judgement on its recent package by one of the most influential of domestic commentators, the Munich-based Ifo Institute of economic research. Through applauding the intentions of the cabinet's DM10bn package of measures to support growth in 1978, the Institute writes in its monthly report that the scope of the measures is too small. At the same time, it defends the German Government against some of the accusations made against it abroad by observing that "it would be wrong to believe that the so-called 'protection of incomes' programme is their own device, by stronger West German expansion alone. Very growth in the Federal Republic can only ease their problems, not solve them." Ifo's differences with the Gov-

ernment programme, which is intended to support a growth rate of 4.5 per cent in real terms next year, arise over the extent and the form of its personal tax cut proposals. It must be doubted whether the tax relief will be sufficient to offset the rise in the basic allowance worth about DM6bn, will mean use to raise aggregate demand in sufficient quantities. It goes on to point out that part of the effect of these tax-cutting measures will be cancelled out by the planned increase in value added tax on January 1, the postponement of the best pension increase and by the falling of long-dated savings maturities. "Because the problem is not one of merely filling a short-term gap in demand, any measures which narrow the prospects for medium-term growth ought to have more significance in the framework of the Government's programme." The programme places too little accent in this direction.

Teng hard line over USSR

By QUENTIN PEEL

PEKING, Sept. 25. MR. TENG Hsiao-ping, China's deputy premier, today said there was no chance of a warming up in Sino-Soviet relations for a generation or more, sources close to the group reported. Mr. Teng was speaking during a two-hour meeting with the Defence Committee chairman of the Politburo, the Chinese Communist Party's top body. Mr. Teng said the group were three retired top West German military men, two of whom had held high command in NATO. He said the group were turn back mourners from as far afield as Cape Town, Durban, and the townships around Johannesburg and Pretoria. Roadblocks were mounted on all the major roads leading to the Eastern Cape, while a crowd of waiting mourners in Swatow, outside Johannesburg, was broken up by police. Speakers from all the political organisations with which Biko was associated, including the Black People's Convention, of which he was honorary president, and the South African Students' Organisation (SASO), paid tribute to him but concentrated mainly on the political future for South Africa's black majority. Mr. Hlaku Kenneth (Raeludi), President of the BPC, declared that Biko's death was the latest in a series of "executions" aimed at the movement's leadership. Dr. Nhatato Motlana, leader of

Mourners halted at S. African funeral

By QUENTIN PEEL

THOUSANDS of mourners gathered on the otherwise deserted little town today for a mass funeral for Mr. Steve Biko, the South African black leader who died in police detention two weeks ago. Mr. Biko was 30, and was considered one of the most influential young leaders in the country. The crowds gathered from the early hours of the morning at a sports ground on the edge of the town near the black township where Biko spent the last four years of his life to banishment. An estimated 12,000 to 15,000 attended, including black and white churchmen, white politicians and, significantly, foreign diplomats representing the major Western powers. However, individuals were prevented from attending by a nationwide police operation to

Swiss reject constitution amendments

By JOHN WICKS

ZURICH, Sept. 25. THREE proposals which have led to amendments in Swiss constitution were rejected in a national referendum today. The motions failed to obtain the necessary majority of individual cantonal votes. The most controversial proposals was one to be abortions undertaken in a national referendum during the week of the start of the period. Linked to this was a clause laying down that confederation and confederations should be responsible measures to protect women and promote planning. The proposal had been supported by the Social Democrats and Liberal parties and opposed by the Christian Democrats who have a strong Catholic base. Swiss voters are also expected to apply strict limits to emigration from car engines and to federal control of rents protection of tenants. It was announced that the referendum was also to introduce a referendum to legalise euthanasia. A majority supported a motion this effect at a national referendum this weekend.

Economic

Swiss reject constitution amendments

By JOHN WICKS

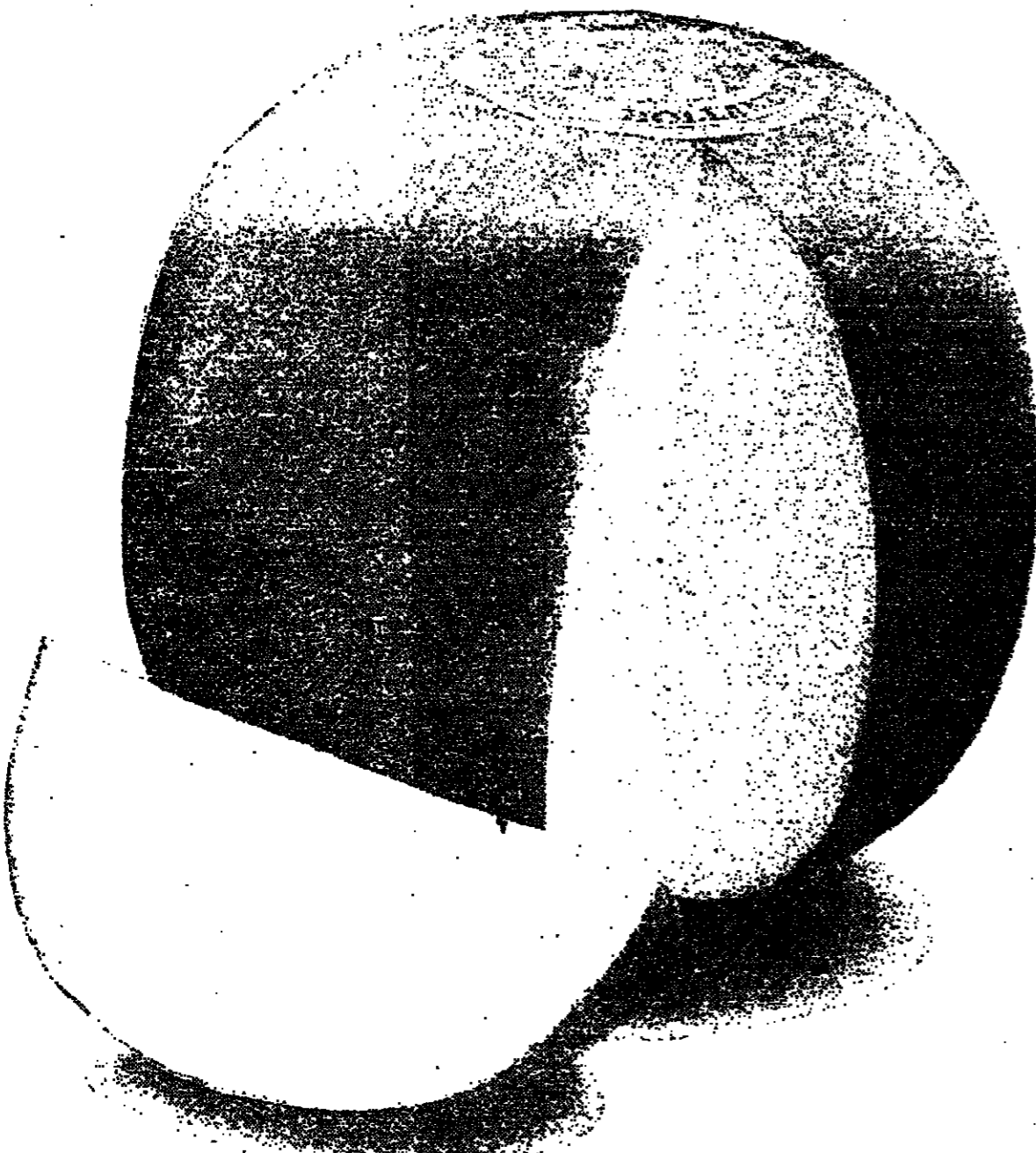
Table with 4 columns: Date, Value 1, Value 2, Value 3. Rows include dates from May 77 to June 77.

Mourners halted at S. African funeral

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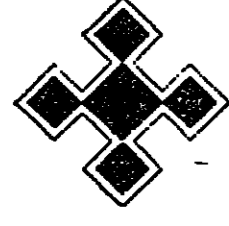
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Handwritten Arabic text at the bottom of the page.

Hong Kong hits at EC over textiles

LIP BOWRING

HONG KONG, Sept. 25.

A serious concern with the EEC's textile quotas is being underlined in London today by the Secretary of Trade and Foreign Affairs.

Mr. Macleese will simply be asking for equal and fair treatment for Hong Kong, and that it should not be singled out of the "sacrifices" which EEC negotiators Mr. Tran Van Thinh recently suggested it would have to accept.

Tran is understood to have been thinking aloud about cut-backs of the order of 15 to 20 per cent. in quotas for sensitive items from Hong Kong from 1978 actual performance levels. This could mean an actual fall next year of Hong Kong sales of these products to the EEC as much as 30 per cent. from 1976 levels.

Poland ship order talks

By Ian Hargreaves

TALKS CONTINUE this week on the protracted effort by British shipbuilders to win a £130m. shipbuilding order from Poland.

The specific timetable for talks is far from clear, but it is possible that a Polish negotiating team will be in London this week. The order is seen as crucial for the order-starved and recently nationalised shipbuilding industry, but this very fact is enabling the Poles to drive a very hard bargain on the financing out to countries to EEC wishes to grant loans or to countries which will not anyway be able to do so.

It is suggested that such a violation of the and it is still not certain that the order will be won.

Attracts

ortium of 15 Japanese controlled equipment under licence. The agreement also gives Caser the exclusive marketing rights of the machines in certain countries, it added.

Quoting financial Japanese economic aid loans will be re- five years with a 3-2 period. Vietnam is to buy about 130,000 steel from Japan between 1978 and 1982.

Ernst-Sommer, makers of machine- it had concluded a production of Perkins three- and commercial co- agreement with Caser, whereby the latter will a large manufacturing complex re certain numerically-

Jordan may build \$100m. railway

By Rami G. Khourl

AMMAN, Sept. 25.

JORDAN is considering building a new 200 kilometre railway line to be used primarily to haul potash for shipment from the southern port of Aqaba.

The chairman and general manager of the Arab Potash Company said that studies are under way for constructing the railway, which would connect the south-eastern Lisan peninsula of the Dead Sea site of the \$425m. potash project to Aqaba, passing through the flat but hot and desolate Wadi Arab region along the border with Israel.

GENERATING EQUIPMENT

India takes on the power industry giants

BY KEVIN RAFFERTY

WITH A Saudi Arabian order for a \$74m. turnkey power station recently that went almost unnoticed outside its own country, an Indian company has chalked up export orders worth \$200m. within a year and gone firmly into the middle league of world makers of power generating equipment.

Mr. V. Krishnamurthy, chairman and managing director, is proud that Government-owned Bharat Heavy Electricals (BHEL) is beating its international competitors.

He pointed out that the "think tank" had recently recommended that there should be mergers between the British power equipment manufacturers to consolidate strength and ability to win exports—BHEL had embarked on just such a scheme several years ago.

The company's progress in the past few years is more remarkable considering that not long ago India's power equipment industry was reckoned to consist of "sick units."

Before the rationalisation plan only 6 per cent. of India's 19,000 megawatt power capacity was indigenously produced. The various power equipment plants duplicated products and used a variety of technologies. For example, turbosets were being made at Bhopal, Hyderabad and Hardwar, hydro turbines at Bhopal and Hardwar, and circuit breakers at Bhopal and Hyderabad. For the turbosets British technology was being used at Bhopal, Soviet at Hardwar and Czechoslovak at Hyderabad.

The first step was to merge the two Indian makers of power generation equipment, BHEL itself and Heavy Electricals (India) Limited. The merger was effected in January 1974.

Such a move, Mr. Krishnamurthy pointed out, was a major step in rationalisation of its operations. But he added: "We have gone one step further. More than 50 per cent. of the world's business for power equipment is done on a turnkey basis. Authorities do not want to buy bits and pieces; they want total capability."

"This is what we are aiming to supply. We are no longer going to be equipment suppliers, but are going to design whole power stations."

The corporate plan that BHEL embarked on in 1974 involved big changes. Seven points were laid down: to manufacture and supply power equipment of at least 5,000MW a year by 1980; to erect and commission power projects quickly on a turnkey basis; to upgrade after sales service to get the best out of installed power units; to export and "gain a respected place among the international manufacturers of power equipment"; to update research and development to reduce dependence on foreign technology; to develop new energy sources such as solar and geothermal; and to develop a new style of personnel management "to bring about an increased sense of belonging and team spirit among our employees."

Results since the corporate plan was put into effect testify to its success. In the 1975-76 year production rose by 33 per cent. to Rs.2bn. (£260m.). Profits reached more than Rs.50m. Physical production of generating plants in the year reached almost 3,500 MW and exports began to take off. In the year ending in March turnover rose to the equivalent of \$600m., said Mr. Krishnamurthy.

Mr. Krishnamurthy points out the size of the task for a manufacturer in a developing country to try to catch up with competitors from already industrialised countries. All other industrialised countries had more than a head start—Westinghouse had been building power generators for almost 100 years, he said, and even the Japanese had been manufacturing for 50. India was the only country to have built up its power generating manufacturing industry in the last 20 years.

Thanks to the new emphasis on engineering and the setting up of a research and development division, BHEL had begun to turn out products of its own design. Mr. Krishnamurthy mentioned that BHEL designed fuel-fired boilers and said the company had set up a small solar power system of its own.

The company's aim is not to substitute all Indian designs for the present mixed technology but to choose the areas in which India can do best and develop them—such as the fuel-fired boiler, and solar power plant—and to co-operate with foreign companies in areas where the Indian base to-day does not justify indigenous development because it would waste time or money. BHEL has opted for co-operation in the fields of large-scale turbine generators, industrial electronics, combined cycle power systems and transmission systems and products.

All this progress has pushed BHEL into the ranks of companies capable of producing power equipment of the order of 5,000 to 6,000 MW a year, still a long way behind the giants of General Electric (U.S.) and Westinghouse, which have the capacity of 15,000 to 20,000 MW. It is still also some distance from the next group consisting of Brown Boveri and Siemens with capacity of 8,000 to 10,000 MW. But it places BHEL on a par with the next group consisting of GEC of the U.K., Alstom, and Hitachi Mitsubishi of Japan.

Moreover, in exporting BHEL may be gaining more than a competitive edge. The company has only started going into exports in the last two years apart from, in Mr. Krishnamurthy's words, "stray exports of boilers to Malaysia." He is anxious to build up exports to 20 to 25 per cent. of production.

But at present rates BHEL's exports may begin to approach 50 rather than 25 per cent. of its production. This year the company won an order worth more than \$100m. from Libya against competition from Japan, Switzerland, the U.K. and Italy. Some of the Middle Eastern countries with big orders have recently expressed a predilection for products from the Third World, not so much because of developing world solidarity but because they believe that the rich industrialised countries are overcharging them.

Although BHEL is handicapped—again—by having little of its own to offer in the way of original design or technology, it is helped by its lower wage costs, for equivalent skills, and, says Mr. Krishnamurthy, where service costs are involved outside India BHEL is at a decided advantage. It is much cheaper to provide Indian expatriates than those from Western countries, sometimes up to a third as cheap.

The successes of BHEL have led some rivals to complain that the company is taking unfair advantage. Some grumble that the Indian company is playing on its Third World connections, and Mr. Krishnamurthy just shrugs and smiles at this accusation. He says if to suggest that it is only natural. But he emphatically denies that the company is exporting at a loss. The only problem for BHEL may be that Mr. Krishnamurthy has done such a good job that he has been promoted to Secretary (chief civil servant) in the Ministry of Heavy Industry, someone else may have to build on the foundation he has established.

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Alan H. Ulrick—Vice President, Manager, Foreign Exchange Trading, London

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144.5	144.9	145.4	139.3	+ 3.7
183.1	182.7	182.3	171.4	+ 6.8
184.7	183.8	183.6	158.5	+16.5
123.18	122.79	122.42	114.97	+ 7.15
183.3	182.5	181.8	171.9	+ 6.0
July 77	June 77	May 77	July 77	1975=100
118.1	118.4	119.0	108.8	+ 8.5
118.9	118.0	116.9	98.9	+20.2
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September 13, 1977



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HOME NEWS

Ministers seek pact to save energy Industry policy emphasis 'should be on competition'

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

By Ray Daffer, Energy Correspondent

ENERGY MINISTERS of Western countries are expected to agree on a major programme of energy conservation measures at a meeting in Paris next week.

They are likely to lay strong emphasis on the need to develop alternative forms of energy, such as wind, wave, tidal and solar power.

The Ministers will meet on Wednesday week for the first time since 1975, under the umbrella of the International Energy Agency. Its chairman, Mr. Alastair Gillespie, Canadian Minister of Energy, says the main task of the Agency should be the emphasis of the precarious nature of the energy position.

"I hope that a campaign will dramatise the size of the energy problem," he said in London after a meeting with Mr. Anthony Wedgwood Benn, the Energy Secretary. "There is an enormous amount of unrealism. People just expect that the energy problem will be solved somehow."

He said that the Agency, formed after the 1973 energy crisis, would meet knowing that there could be another serious energy problem in the 1980s.

Western nations were expected to continue increasing their oil imports, and the Organisation of Petroleum Exporting Countries, particularly Saudi Arabia, would be expected to meet the demand. A "massive commitment" to conservation was needed.

Canada has taken steps to improve her insulation standards. Mr. Gillespie said that 70 per cent of houses were being insulated at a cost of \$1,500. The money would be recovered from savings.

A tidal power scheme, now being studied seriously in the U.K., would be built in the Bay of Fundy.

There is a major energy conference in Birmingham today. About 700 industrial managers and local and central Government officials are expected to hear Mr. Benn outline the Department's latest conservation measures.

Energy survey Page 33

THE EMPHASIS of the Government's industrial policy should be shifted to the promotion of competition, including more rigorous scrutiny of mergers, rather than encouraging concentration.

This is urged in an article on the regeneration of manufacturing industry in the autumn issue of the Midland Bank Review, published this morning. The authors are Sir Alec Cairncross, Mr. John Kay and Mr. Aubrey Silberston, all from Oxford University. The article arises from the discussions of 14 leading economists.

The authors argue that if the Government really wishes to be helpful in industrial policy it should resist the temptation to take direct action and should concentrate on a more indirect approach by trying to raise the general level of management and by creating a more propitious business environment.

"Above all it should not cultivate expectations that by some magic which has eluded existing managements the industrial performance of the country will undergo a sudden transformation."

The article is sceptical about a number of features of the

Government's industrial strategy and argues that the real question is how to make competition work to the best advantage. Price control is seen as an impediment. Although it can be useful in affecting inflationary expectations as in a short-term freeze, it cannot last long unless supplemented by other measures.

More Home News Page 10

The principal role for price control in its present form according to the authors, is as a cosmetic addition to an incomes policy.

Permanent price controls are dangerous and unhelpful. Their purpose is served by them, except in highly concentrated sectors where strengthening the powers of the Monopolies Commission would be constructive.

The authors say that while there are strong arguments for shifting to a policy which encourages competition, this seems far removed from the industrial strategy.

"There is perhaps understandable reluctance on the part of

the Government to accept that there is not actually very much it can do to promote industrial efficiency, and this leads to exaggerated emphasis on the importance of those things which they can do," such as the provision of funds for manufacturing investment and the amount of investment, regardless of the return on it.

These proposals are made following a detailed discussion of Britain's poor productivity record and the large and widening gap with the position on the Continent.

The authors argue that this comparatively poor performance cannot be satisfactorily explained by a shortage of investment, by lack of scale or by the low rate of growth of the British economy generally.

"More consideration needs to be given to motivational forces which have weakened the morale and effectiveness of management as the power of labour has grown."

They say British industry has for many years lacked the feeling that the Government and public are actively behind it, anxious for it to succeed and offering help, and this is one of the main reasons for the present malaise.

Modest accounting reform urged

BY CHRISTINE MOIR

A MODEST approach to a reform of U.K. company accounts has been urged by Professor W. T. Baxter, Emeritus Professor of Accounting at the London School of Economics.

In the October issue of the Lloyd's Bank Review, Professor Baxter suggests a four-stage reform of accounting practice which would go some way to introducing the most valuable concepts contained in the rival current purchasing power and current cost accounting proposals.

"Inflation accounting is much needed," says Professor Baxter. But he maintains "a change so fundamental and unfamiliar should be approached with modesty."

"Accountants are being pressed to bring in a big reform for which their training and tradition fit them poorly."

"They are being exhorted to hurry, yet they know that a false move will do much harm to business, investors and their own profession. Small wonder that they are tailed and rebellious."

The Professor says the first stage of his proposals would be quick and easy, and could be adopted at once even by small firms.

It would involve raising the costs of inputs in the usual income account, notably cost-of-goods and depreciation, with the general index.

Phase two, which could take place a couple of years later, would be another simple adjust-

ment—for change in the value of monetary items. Professor Baxter suggests that in the event this could be confined to current items, and not affect tax.

Following this, assets could be revalued. Professor Baxter prefers the CCA approach to asset valuation.

Finally, all remaining historical figures, including share capital and retained earnings, could be updated under the CFP system. This should not take place, however, until the earlier steps had been successfully adopted.

Professor Baxter argues that this system would result in a complete reform of accounting and would "alone give us accounts which are entirely consistent."

National Savings tops record £694m.

By Adrienne Gleeson

JUST 23 weeks into the current financial year, the flow of funds into National Savings has already topped the record £694m. of the whole of the preceding year.

The August contribution, at £121.4m., was well down on the level of the preceding months, but still well ahead of the £45.3m. net new savings recorded in August last year.

Once again it is the National Savings Bank investment accounts which have made most of the running. Attracted by a high interest rate (10 per cent, declining to 9 per cent. on October 1), investors placed a net £80.4m. in Investment Accounts in August.

All the same, the total is well down on that of the preceding month, when over £200m. was put into investment accounts. In the intervening period, the new £50,000 limit on the size of deposits has come into effect.

The inflow into all forms of National Savings has just topped £700m., as against £515.6m. at the same time last year—albeit of net interest credits.

The total invested in National Savings, at the end of August, was £13,862bn.

Leyland call

British Leyland should be given a November deadline to meet Government targets or lose the guarantee of public cash, Mr. Kenneth Clarke, Conservative industry spokesman suggested at the week-end.

Lab. closing

The Rank Organisation is to phase out its Acton film laboratory and transfer its work to the company's principal plant in Denbair.

25th million

THE 1,300 miners at Thoresby Colliery, Edwinstowe, Notts., whose productivity rate is almost double the national average, have produced their 25th annual 1m. tons of coal.

Lloyd's changes

The form and content of Lloyd's Rules and Regulations for the Classification of Ships will be changed at the beginning of next year. The aim is to create a more logical ordering of the classification regulations.

Policy altered

Northern Ireland's largest moderate group, the Alliance Party, has abandoned its power-sharing policy because of the widening gulf between the two major political blocs.

Labour group attacks executive members' 'Communist links'

FINANCIAL TIMES REPORTER

A RIGHT-WING Labour group, the Social Democratic Alliance, last night attacked alleged links between some members of the party's national executive and Communist organisations.

The alliance, which two years ago caused a storm with a circular condemning Labour's extreme left, has now accused leading MPs and trade unionists of being "associates of Communism."

In a statement for delegates to Labour's Brighton conference on October 3, the alliance said that since its 1975 circular "the

situation has continued to national executive members standing for re-election—last night attacked alleged links between some members of the party's national executive and Communist organisations. The alliance, which two years ago caused a storm with a circular condemning Labour's extreme left, has now accused leading MPs and trade unionists of being "associates of Communism."

The alliance appeals to conference delegates not to vote for national executive candidates who do not refrain from associating with Communist organisations.

The candidates — including

Too many laws harm nation says Howe

BY JOHN LLOYD, INDUSTRIAL STAFF

SIR GEOFFREY HOWE, the Conservative Shadow Chancellor, has launched an attack on "legislative pollution" and too many laws.

"Too much law can do positive harm. Too much law can make it harder for a nation to become rich and can, in an extreme case, actually make a nation poorer."

"Every new law, every new regulation, every new code of practice can involve the community in some net cost."

Sir Geoffrey's comments are contained in a pamphlet published yesterday by the Conservative Political Centre.

He said that the Price Commission last year cost the taxpayer £4.9m., "but the compliance costs for trade and industry have been estimated as at least 10 times as much."

of initiative being discouraged or suppressed. The new circular claims that at least half the national executive associate with one or more extreme Left organisations—some of which were on the party's proscribed organisations list before the list was dropped in 1973.

The alliance appeals to conference delegates not to vote for national executive candidates who do not refrain from associating with Communist organisations.

The candidates — including

Campaign for new boost to British-U.S. travel

BY ARTHUR SANDLES, ST. LOUIS, MISSOURI, Sept. 25

A BIG rise in the number of British tourists going to the U.S. is prompting a campaign among U.K. travel agents to increase the flow even more.

Britain sent more than 500,000 visitors to America last year—second only to Japan—and the total will top 600,000 this year.

With sterling stronger and U.S. inflation still low by European standards there are hopes that the 53 per cent increase of 1976 and this year's 11.4 per cent rise will be further improved.

The American Government has invited 40 British tour operators

and agents to Missouri for a week's teach-in on why the U.S. is a better choice for the travelling Briton than Spain or Italy.

Similar teams from Japan, Germany, France and several other nations will be attending the conference.

The British team includes Thomas Cook, Lunn Poly, part of the Thomson Organisation and Cunard, North Atlantic charter operators Laker and Jetset are here with the tour-operating subsidiaries of scheduled airlines, British Airways and British Caledonian.

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The American Government has invited 40 British tour operators

Why not do a package deal with the Royal Mail parcel service?

The Royal Mail parcel service is the best all-round parcel service in the country, and the record proves it.

More than 700,000 parcels are delivered in 2 working days after posting.

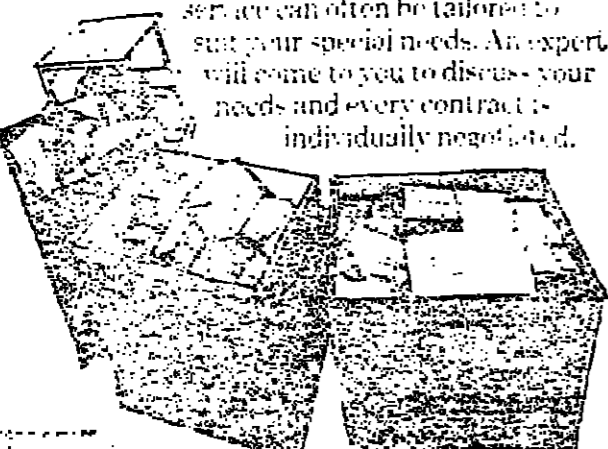
Land's End to John O'Groats, we deliver anywhere daily

There are well over 20 million addresses in the UK and the Royal Mail parcel service is able to deliver to each mainland address daily.

There is usually a post office nearby and quite modest loads are collected free. No other carrier matches these facilities. That's why we deliver more parcels than all the other national carriers put together.

Its good business sense to have a contract

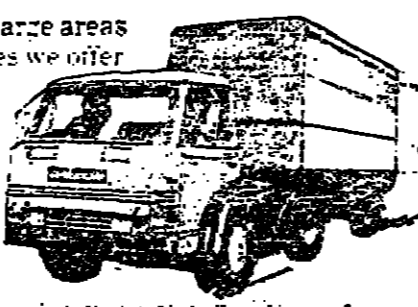
Over half of our parcel business comes from 2,500 contracts with top-line companies. Our rate structures are simple and our service can often be tailored to suit your special needs. An expert will come to you to discuss your needs and every contract is individually negotiated.



Zonal delivery

In each of 26 large areas based on counties we offer County Parcels.

The Greater London Area has Nightrider. And for really local needs there is the Local Delivery Service. All fast. All reliable.



Let's talk. It could save you time and money

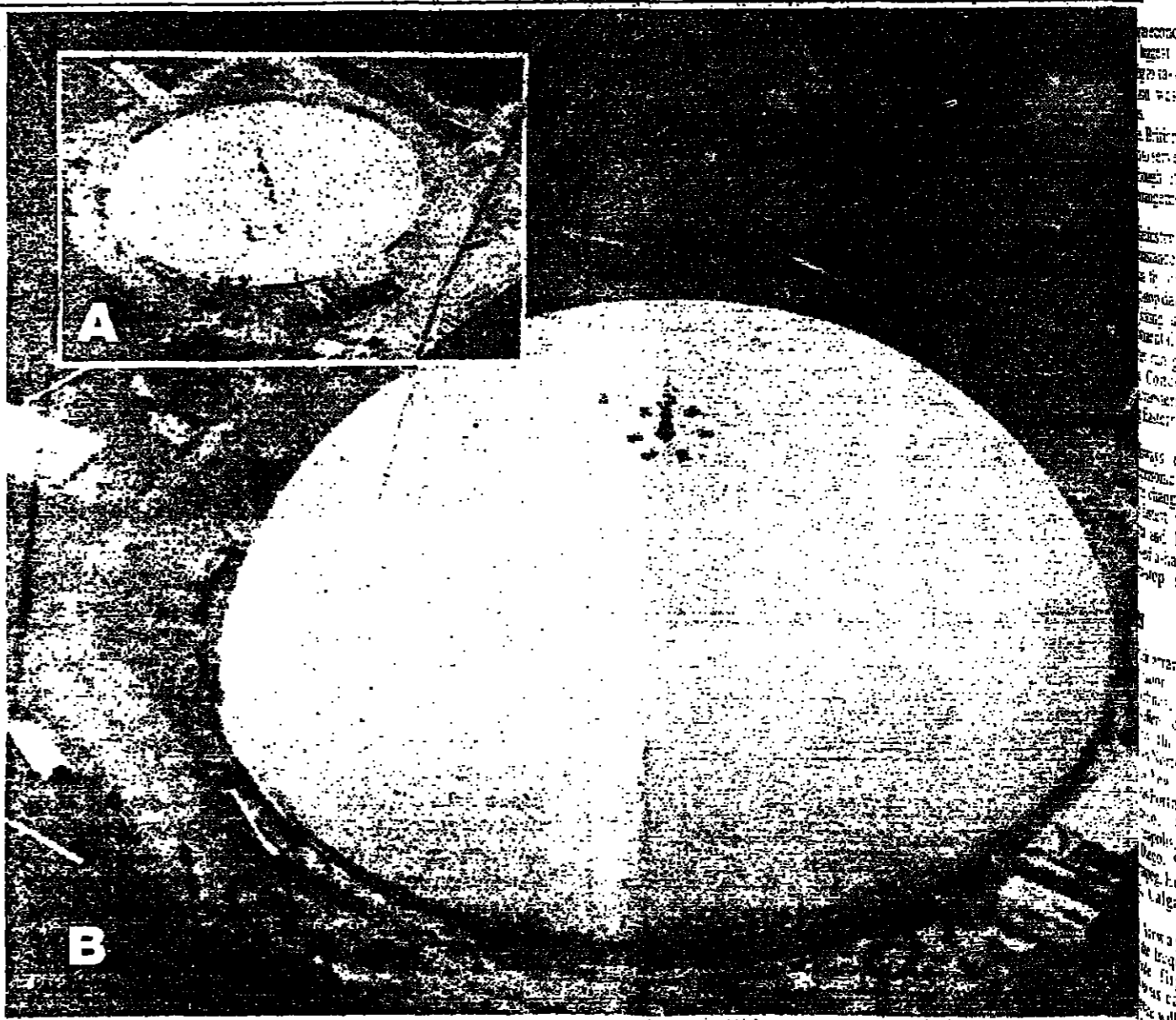
Your local Head Postmaster would like to arrange for your particular needs to be studied and discussed. There may be ways in which we can help—for example in cutting your accounting and administration costs.

If you would like to hear more, send us the coupon below.

Please send this coupon to Jackie Willbourne, FREEPOST, Room 434, Postal Headquarters Building, St. Martin's-le-Grand, LONDON EC1B 1HQ. No stamp required.

Form with fields for Name, Title, Company, Address, Postcode, and Telephone.

The Post Office



A to B in 24 hours.

The two pictures of the sports hall project for Malvern Girls' College were taken just 24 hours apart. They demonstrate one aspect of Norwest Holst's technical initiative.

The new Parashell system used introduces 'instant' building at low cost. Concrete domed structures produced with inflatable formwork are suitable for all purposes from warehouses, workshops and offices to schools and swimming pools.

It means that eight men can build in five weeks the foundations and shell of a permanent structure with a base area of 1,257 sq. metres.

Continued innovation is vital to Norwest Holst's unique total capability. For instance, we were the first to develop the use of sophisticated dewatering equipment, and we have patented a number of our own slipforming techniques for reinforced concrete construction.

Whether it requires concrete, structural steelwork, heavy machinery installation or any of our engineering skills, we are able to complete projects on time and at the agreed cost. Let's send you our brochure about how we make progress.

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We'll take more care of you

23

British airways ANNOUNCE

Monday, September 26, 1977



Eleven direct business routes into North America

GET READY FOR EXPORT BOOM!

BRITISH AIRWAYS has played a major part in Britain's march back towards prosperity and the achievement of a record £316 million surplus in the August trade figures. It has flown out the exporters and flown in buy-to-order tourists. And every day British Airways helicopters are helping to speed up the work in the North Sea oilfields.

The airline is poised to help exporters attack North America where Britain still had a trade deficit in August.

Aspects for trade there are looking brighter and British Airways is ready to make the most of the expected upsurge in demand for flights across the Atlantic this winter. The airline is offering free services to 11 destinations in North America, daily flights to the key cities of New York, Boston, Chicago, Detroit, Philadelphia, Washington, Miami and Angeles, most by wide-body aircraft.

On April 1, British Airways introduced a daily service to Los Angeles on a Boeing 747 jumbo. This is a new right under the recently agreed Bermuda agreement between the government and the USA.

Hilton has a place for the executive

BRITISH AIRWAYS has joined Hilton Hotels and Inns in the United States to offer a special programme designed specifically for executives from the United Kingdom.

Executives can book rooms at any one of the 170 hotels and inns in the chain at the same time that they reserve their seat on British Airways through a Travel Agent or a British Airways Travel Shop.

The booking is confirmed back to them and the room will not be sold to anyone else, no matter how late the traveller arrives.

On arrival the hotel will have the details of the registration so that it is only necessary to go to the quick check desk, or to the assistant manager's desk to be identified as an Executive Programme guest.

And, providing the assistant manager is informed, guests under this scheme may retain their rooms up to 6pm at no extra charge, an obvious bonus for businessmen waiting to fly back to Britain on an overnight British Airways flight.

Depending on hotel grading, the cost per night is \$25, \$35 or \$42 for a single room, plus tax.



The frontline of the battle for exports... At a New York European Fashion Fair, Raymond Lawson (left), Rally Klad sales director, shows a long cashmere knit to three buyers from Pennsylvania. Rally Klad and 33 other British firms at the fair were backed by the British Overseas Trade Board and sponsored by the British Knitting Export Council.

Winter flights to Europe

NEW WINTER schedules on British Airways services into Europe from London Heathrow are being introduced from November 1.

Here are some of the highlights for business travellers: PARIS: There will be six flights a day, four of which will be by the wide-bodied TriStar. First-class accommodation is available on all flights.

AMSTERDAM: There are seven flights a day from Monday to Thursday and six on Friday. There are frequent weekend flights. Some services are operated by TriStar.

BRUSSELS: There are four flights every weekday, and frequent flights on Saturday and Sunday, with TriStar operating some of the early evening return services.

FRANKFURT: There are now three flights on Sunday and every weekday, with two on Saturday. A Super 1-11 flies there each weekday from Manchester.

MUNICH: Two flights on Sunday, Monday, Wednesday, Thursday and Friday, and one on Tuesday and Saturday.

BERLIN: Frequent flights every day.

BREMEN, STUTTGART and HANOVER: Each has a daily non-stop service.

DUSSELDORF: Three flights a day, Birmingham, Glasgow and Manchester also have flights to Dusseldorf.

HAMBURG: Two flights a day, except Sunday, when there is one.

MILAN and ROME: Two flights a day to each city from Monday to Saturday, and one on Sunday. First-class accommodation is available on all these flights.

TURIN: Four flights a week - on Monday, Wednesday, Friday and Sunday.

STOCKHOLM: The schedule will, for the first time, in winter be a twice daily service.

COPENHAGEN: There are two flights every day, and six of these every week are operated by wide-bodied TriStar.

ZURICH and GENEVA: Three flights to each city every day, except Friday when Geneva has only two.

Make your sales team high-fliers

TRAVEL awards are a great incentive and an excellent way of increasing company productivity, sales, and profits.

Now British Airways, already a leader in this field, has produced an Incentive Travel Planner to back up its excellent Skyhigh Awards Itinerary Brochure.

It gives an eight-step guide to operating an incentive programme.

The Incentive Travel Planner is available from Incentive Travel Department, West London Terminal, Cromwell Road, London SW7 4ED.



Fly to the East on the fast Orient 'express'

THE fastest flights between London and Singapore on five days each week are operated by British Airways, which has a daily service between the two cities.

Its wide-bodied Boeing 747 jumbos leave Heathrow in the late afternoon or evening each day of the week, and on three days make only one stop on the route. On the remaining days they stop only twice.

Fastest flight time is 14 hours and 40 minutes. British Airways also has a daily 747 service between London and Hong Kong - another important business route.

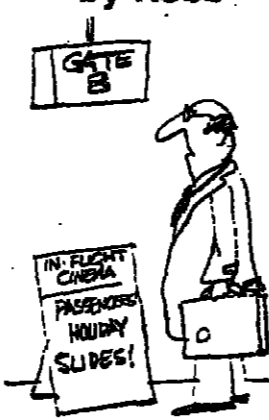
The airline flies to the Crown Colony ten times each week.

Announce Reporter

their 747 services being augmented on one day of the week with the always popular VC10.

There are five one-stop flights a week to Tokyo from Heathrow.

Cartoon by Ross



Fares are down to New York

FARES have been reduced by British Airways on the London-New York route, and there is a choice to please one.

Two new fares are: DBY FARE: This costs less than the one-way fare from New York to London. It is sold on a one-way basis, only when seats are available - and it's first come, served.

These tickets can be issued at the Standby Desk in a British Airways Victoria Terminal on the day of departure. Passengers should be there at least two hours before the flight.

Announce Reporter

Airport not less than three hours before departure.

The one-way fare from New York will be \$146 (£85).

BUDGET FARE: This will cost \$69 from London to New York and \$160 (£92) from New York to London. Full payment must be made and open tickets issued at least 21 days before the first day of the week in which the passenger wishes to travel.

The passenger will then be given a confirmed flight at least seven days before departure.

If a passenger cancels there will be a non-refundable charge of £30 a ticket.

These tickets can be bought from Travel Agents or British Airways Travel Shops. Advance booking charter

(ABC) and advance purchase excursion (APEX) fares still offer excellent value.

ABC FARES: The advanced booking charter is, in fact, still the cheapest London-New York fare - from £120 to £142 (at Christmas) return.

There is a 46-day advance booking period, and the flights are for various fixed lengths of stay.

APEX FARES: The fare from London to New York is £153 return.

Passengers have to reserve APEX seats a minimum of 30 days before departure and stay at their destination between 14 and 45 days.

APEX fares have this important advantage for people with time to book ahead - they are available, not only to New York but to all other cities in the United States and Canada, served by British Airways.

Your chance for a New Zealand club

BRITISH AIRWAYS is considering forming a New Zealand Reunion Club.

Following the success of the American, Canadian and Australian Reunion Clubs, people have asked if one could be started for those who have friends and relatives in New Zealand.

Members of the other clubs are given the latest information on the cheapest approved fares, help in obtaining visas and expert advice on travel.

There is an attractive finance scheme for buying tickets and a

comprehensive travel insurance plan. Preferential car hire rates and bargain rates at hotels are also included.

Group flights for members are also arranged - all for a membership fee of £2 a year.

If you are interested in a New Zealand Reunion Club, please send your name and address on the coupon below.

The club can only be organised if sufficient interest is shown by members of the public - so send the coupon off today.

Post coupon today to: 'New Zealand', 156 Cromwell Road, London SW7 4ED. I have relatives/friends in New Zealand and would like to receive details of the formation of the New Zealand Reunion Club. Name: Address:

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When you want to Fly the Flag contact your Travel Agent for passenger information and reservations, or, if you need to call direct, use these telephone numbers:

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Guernsey (481) 34433 6 Jersey (0534) 22021

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Loughborough (0509) 68641* Birmingham (021) 236 7000*

Manchester (061) 228 6311 Liverpool (051) 709 0123

Douglas (0624) 3506 Isle of Man (0270) 584317

Brigg (0652) 54791 Leeds (0532) 446131

Middlesbrough (0642) 241545 Newcastle (0632) 611552

Glasgow (041) 332 8666 Edinburgh (031) 225 2525

Aberdeen (0224) 574281 Inverness (0463) 39871

Belfast (0232) 40522

*You can call these numbers any time - day or night.

If you wish to write, send your letters to British Airways, West London Terminal, Cromwell Road, London SW7 4ED.

British Airways advertisement featuring a woman in a uniform and the slogan 'Fly the flag, feel at home.'

WHY NOT CUT THIS OUT AND KEEP IT?

Building and Civil Engineering

Thames water treatment's £22m. M-ways £2½m. for better junction

MAJOR motorway contracts worth approximately £22m. M25 London Outer Ringway in Kent and Hertfordshire, including a 3.26 km. section, have been won by Waltham Construction Co. Ltd. The contract includes construction of 20 km. of motorway with an additional side interchange on the Sevenoaks By-Pass and structures such as over-bridges and an inter-bridge and an inter-bridge of 3m. cubic metres of earthmoving will be required as well as some major works on large drainage and storage pipelines, settlement tanks and outfall works.

The contracts take Cementation back to familiar ground, for the company built the Sevenoaks By-Pass between 1964 and 1966 and the adjacent Tonbridge By-Pass was constructed by Willett Civil Engineering, now part of Cementation Construction. The interchange is 3 km. north-west of Sevenoaks on the A21. Construction of four over-

bridges and one underpass, together with associated accommodation works is also required as is that of approximately 22 km. of dual carriageway and 4 km. of motorway link road, including 1m. cubic metres of earthmoving. Large diameter drainage and storage pipelines, with associated settlement tanks and outfall works will be installed and a large retaining wall.

Thames dam work

DESIGNED by the Anglian authority for the construction of the Thames defence schemes at Erit, Woolwich and Greenhithe, a major contract to John Howard and Partners.

The contract also includes the supply and installation of seven steel flap gates, hydraulic winch systems powered by duplicated diesel/hydraulic pump sets. Ancillary works include access roads, fencing, lighting and river bed protection.

Housing by Laing worth £2.7m

A CONTRACT to build a second phase of housing in Islington for the London Borough Council has been awarded to the North London Region of John Laing Construction and work has started on the £1.4m. development to build 91 flats and maisonettes, providing better homes for up to 260 people.

At least 200,000 cubic metres of import fill will be needed. This will be unburned colliery shale obtained from the National Coal Board.

German dumper

SALES of dumper trucks in terrain forklifts in the past four years have grown from 1,000 to 2,500 with exports during the year topping the £1m.

A further order for £500,000 worth of Samborn rough terrain materials handling equipment has just been placed during a recent visit to the U.K. by directors of Afrimat, the Samborn main dealer in Nigeria.

Reservoir to be opened

THE new reservoir at Denham, near Uxbridge, will be opened to the public on September 28.

Stage II, which involved a second reservoir and ancillary building, was recently completed at a cost of nearly £5m. The complex which draws water from the River Thames, was designed to meet the increasing demand in the Vale of Aylesbury and also act as a reserve for augmentation to the River Thames during periods of low flow.

Services for four centres Europe's power plant

MATTHEW HALL Mechanical Services has contracts worth approximately £5m. for the installation of building engineering services in four commercial developments in London.

The first of these, at Euston Square, is for British Rail Property Board, in conjunction with Norwich Union Insurance Group and Pension Fund Securities, and involves extensive high and low rise commercial buildings.

Europe's power plant

OF IMPORTANCE to builders and civil engineers throughout Europe is the prediction that 1985 will be spent in West Europe on new fossil-fuel power stations by 1985, according to a study by Frost and Sullivan.

Qatar sends mission

THE THIRD of the four inward missions in The Building Centre's 1977 programme will come from Qatar from September 26-30.

Each firm is allowed one hour during the main part of the mission's programme for an exclusive meeting with the visitors and an informal reception is given later in the week.

Although fossil-fuel capacity will increase by 1985 and will account for over 55 per cent. of the electricity production of the 15 European countries reviewed, its share of the total power generated will decrease over the period by 11 per cent., the report says. Main causes are the four-fold growth in oil prices since 1973 and Europe's concern about the reliability of its fuel supplies.

IN BRIEF

Port of flats at Kennington Park Estate and at Rockingham Estate, London S.E.1.
 • In the latest round of contracts worth over £54m. let by the National Coal Board struts and tie rods for colliery arches, for the period September 1, 1977, to August 31, 1978, account for a total estimated value of £54m., awarded to Wallon and Co. (Wolverhampton), Longley's (Barnesley), Raing Engineering Products, Tool and Steel Products, GKN Sanket, Hayden Nilos Conflow, BSC Sections Product Unit, Handel Klivert and Girtmetric.
 • Shepherd Construction has signed a contract with the Dornay Foods division of Mars for a design and build project worth approximately £1m. The development is a two storey production building with a floor area totaling 1,875 square metres including cold storage, and a 705 square metre single storey research and development and administration block, the two buildings being connected by a multi-purpose link unit. The highest hygienic standards have to be met.
 • Nedlloyd of Rotterdam has received an order from the Ogeest concern (Rotterdam), to transport around 800,000 tons of materials and equipment needed by Ugem for the construction of a complete town near Damman in Saudi Arabia. This town will comprise 1,700 apartments in 32 tower blocks with shopping precincts and the relevant facilities. The building contract concluded with the Government of Saudi Arabia is worth 1,400m. florins.
 • West's Piling and Construction Co. has been awarded a second £250,000 contract through its new Bahrain office, opened in May. This contract, piling for the Sheraton Hotel complex, calls for over 700 of West's patented Harritive precast piles (standard size: 285 mm. x 285 mm.). Work has already begun on the site and is scheduled for completion in two months including test loading.
 • Shanks and McEwan (Wales) has been awarded a £11m. contract by the Welsh National Water Development Authority for the construction of a river intake, raw water storage reservoir, a high-lift pumping station with site mains, earthworks etc. The site is adjacent to the Eastern Gledau River at Gantastan Bridge, near Narberth, Dyfed. Work is now starting and will be completed in about two years.

Water costs reduced
 HEATING and water treatment costs at the Knichstone Baths, Weston-super-Mare, will be cut by more than half as a result of a scheme put forward by the South Western Electricity Board and Avon County Council.
 Heat in the air, given off by the swimming pools, swimmers and spectators, will be recirculated through a heat pump, and recovered to supply heat for the heating system, swimming pools and the showers.
 A new water treatment system is being installed using ozone produced by an electrical process. This will prevent sore throats and stinging eyes which often occurs when using chlorine alone. The water will also be clearer than that treated with chlorine and be tasteless and odourless.
 More from SWEB on 0272 28062.

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Facelift at Renfrew

A £1.7m. contract for new terminal building extensions and improvements at Glasgow airport has been awarded to Fairclough Construction Group. Work on the scheme has just started and is being carried out by Fairclough Building, Scottish Division, based at Paisley.

Physical plant components are forecast at 43 per cent. and represent a £278m. market (excluding inflation) in 1983 (of the total, steam-generation and systems, fuel-handling, instrumentation and control) will account for £1,040m. Turbine plant (turbogenerators, condensers, piping, valves and pumps) will amount to 1,450m. Electrical and miscellaneous equipment will total £325m.



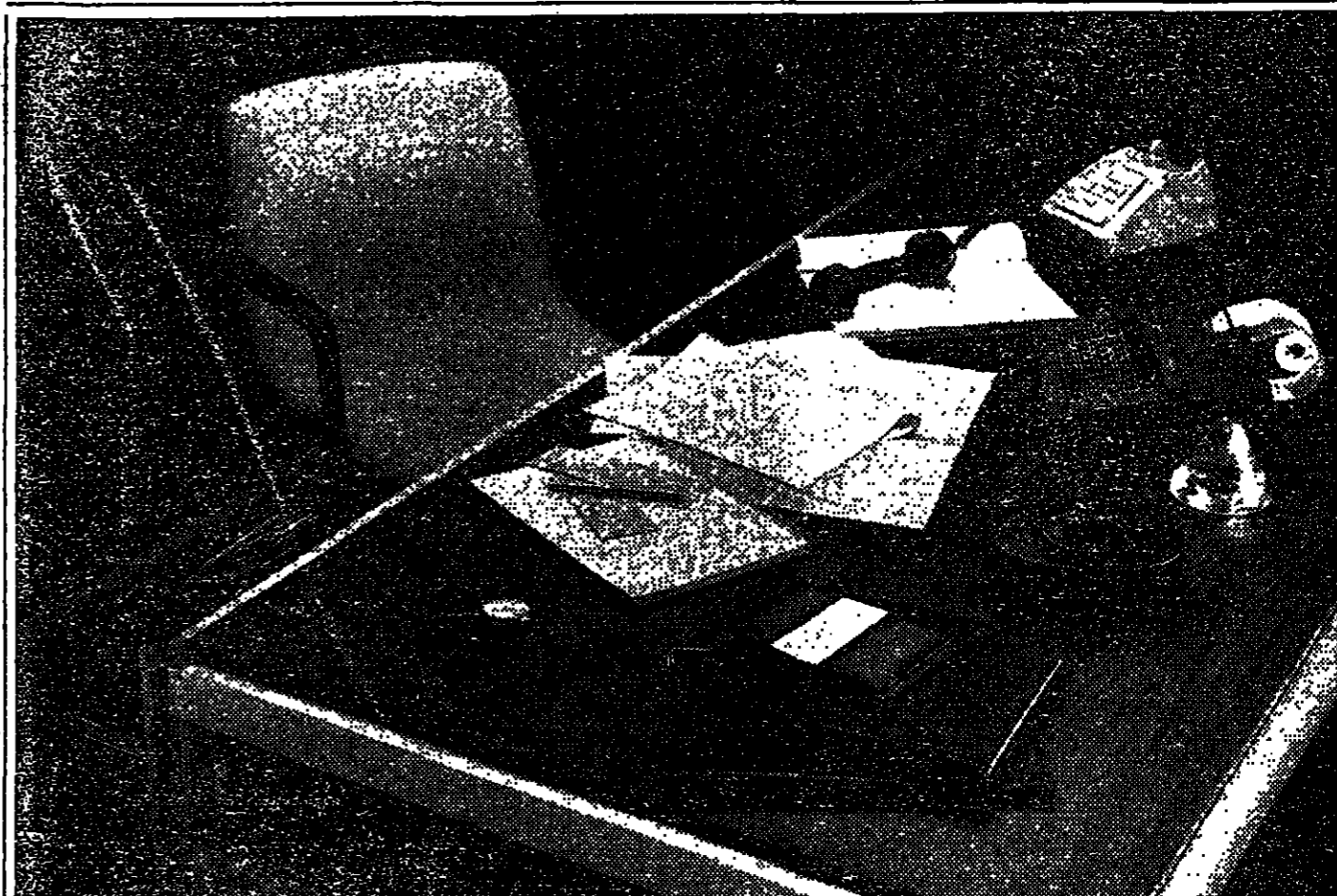
Insulation built in

FULLY PRE-INSULATED bricks and building blocks are a new solution to the difficult problem of providing building insulation, now recognised by a TDC award. Generally available in building blocks of 100m. thickness incorporated in a standard wall can provide an insulation U value of 1.24 W/m² per degree C. Where a hollow block is employed, the insulation properly improves marginally, but does not allow current building regulations to be met. The Beaconnet treatment, however, which involves infilling with an insulant at the time of manufacture can achieve a U value of 0.83, and this with a low-cost concrete block. Where aggregate class B blocks have cavities infilled, then better than 0.70 is achievable.

The idea of filling cavities in hollow building blocks and bricks has long been considered an ideal. Many attempts have been made by manufacturers to fill cavities with chopped up insulating board, inserting fibre glass matting, also polystyrene or other plastics. None have been truly successful—labour costs are excessively high, and infill materials either pack down, shrink or can fall out completely. Additionally, essential insulation efficiencies have not been achieved.

Beaconnet, a manufacturer of plastic foaming equipment, has worked on the problem for six years. In mid-course, the development team called for new foam formulations and these, with better production-oriented machinery, solved the problem. Working closely with Stafford University and with the assistance of the National Research Development Corporation, the company perfected a complete patented system.

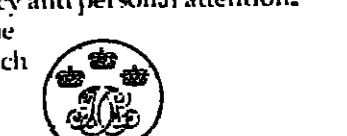
The first Beaconnet fully automated machine was bought by Enser Sales (U.K.) of Sandbach, Cheshire, who since its purchase have been regularly producing 20,000 pre-insulated concrete building blocks a day. Other users include English China Clay and Worcester of Preston. Beaconnet on 061 737 5151.



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Coutts may not be the first bank you would think of turning to when you have corporate problems, but our managers have, in fact, been solving them for over 285 years with a combination of expertise, efficiency and personal attention. If you think they could do the same for your company, get in touch with John Acheson at Coutts.

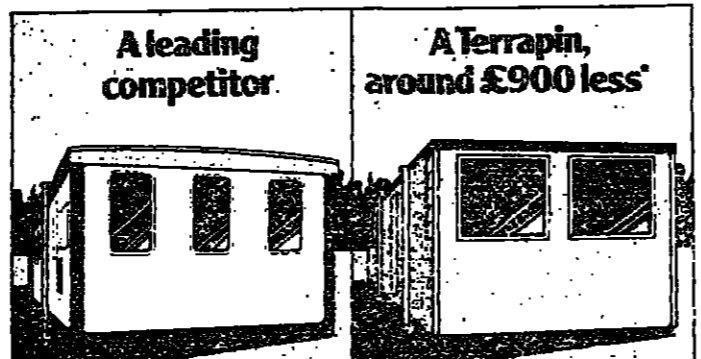


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HOME NEWS

Brewers reply this week to price commission

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

BREWERS fear there might be a six-month beer price freeze with Mr. Roy Hattersley, Prices Secretary, taking formal action or obtaining an agreement from the industry.

The main brewers rushed through price increases before the Commission reported and could hold out until the New Year.

Mr. Evans says that brewers face substantial wage claims, citing Whitbread and Scottish and Newcastle Breweries as examples.

Consumers 'should unite to influence Europe'

By Elinor Goodman

THE BRITISH consumer movement should unite to influence the policymakers in Europe, Mr. Michael Shanks, the new chairman of the Government-financed National Consumer Council, said at the end of the Council's third annual congress at the weekend.

SURVEY OF CONSUMER CONFIDENCE

Optimism at a seven-year high

BY OUR CONSUMER AFFAIRS CORRESPONDENT

PEOPLE ARE feeling more confident about their financial prospects than at any time since the beginning of 1970.

This was revealed in the latest survey of consumer confidence carried out for the Financial Times by the British Market Research Bureau.

The figures also suggest that consumers are feeling less badly hit by inflation than they have for some months.

expecting unemployment to increase further this month and the questionnaire showed almost half the pessimists were now saving less than a year ago.

FT GROCERY PRICES INDEX

Year on year rise cut to 11 1/2%

BY OUR CONSUMER AFFAIRS CORRESPONDENT

THE COST of the Financial Times grocery basket edged up again this month after falling for two successive months.

Table with 2 columns: September and August. Rows include Dairy produce, Sugar, tea, coffee, soft drinks, Bread, flour, cereals, Preserves and dry groceries, Sauces and pickles, Canned goods, Frozen foods, Meat, bacon, etc. (fresh), Fruit and vegetables, Non-foods, Total.

The index rose by 0.35 points to 2561, just above the August level.

Sharp rise in spending on food

By Richard Mooney

HOUSEHOLD FOOD expenditure rose almost twice as fast as prices between the first and second quarters of this year.

Figures published by the Ministry of Agriculture today show that the average person consumed £5.15 worth of food a week in the April-June quarter, 3.1 per cent more than in the first quarter.

In the same period food prices rose by 2.8 per cent. The Ministry says this implies a rise of 2.3 per cent in the real value of food purchases.

Poultry (up 10.8 ounces to 6.5 ounces a week) and cooked ham played a large part in this rise, with seasonal displacement of old potatoes, root vegetables and canned soups by new potatoes, salad vegetables and ice cream.

Tobacco substitute health studies in jeopardy

By Stuart Alexander

LUNG-TERM health studies on tobacco substitutes are being put in jeopardy by the low level of sales so far achieved.

When the tobacco manufacturers were given the go-ahead by the Health Committee to use the substitute earlier this year, one of the conditions was that they should carry out a long-term monitoring programme on users.

This would cost at least £1.5m at today's prices and when the industry agreed to undertake the tests, it thought that brands with substitutes would achieve an 8-10 per cent market share in two or three years.

There is no question of the industry going back on those undertakings, the launch of 12 brands on July 1 has been disappointing. The initial trial rate was far lower than expected, and the market share is thought now to have slipped below 2 per cent.

While it was the department's primary aim to see people stop smoking, it recognised that a hard core would still be left, and therefore wished to see smoking made safer.

His views were echoed by Sir Robert Hunter, the committee's chairman. He said that cigarettes with substitutes were promising and added that if there were no untoward effects, "this stuff will contribute in the whole strategy of safer smoking."

Both would like to see greater concentrations of substitute used than the 25 per cent, generally put into cigarettes now.

However, it is thought that more work will have to be done on the addition of flavour additives to substitutes before a more palatable product is available.

Retailers cut instant coffee profit margins

RETAILERS will cut their profit margins on three instant coffee lines from today to cushion the latest round of manufacturers' price increases.

Profits margin in most shops will be cut to 5 per cent, or 7 per cent in the case of smaller stores.

Before today, retailers were taking profits of 10 to 15 per cent on coffee.

Mr. Roy Hattersley, the Prices Secretary, advised shoppers to look for the special lines marked "low margin".

It would mark lines where profits had been cut. The scheme will last for six months.

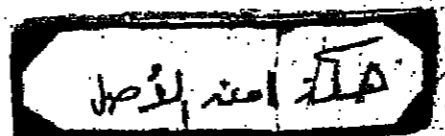
Quarterly analysis of bank advances

to U.K. residents by banks in the U.K. at August 1977, as Table 4 in Bank of England Quarterly Bulletin.

Table with multiple columns: Advances to U.K. residents, Manufacturing, Other production, Services. Rows include London clearing banks, Scottish clearing banks, Northern Ireland banks, All banks, Changes, etc.

ENTERTAINMENT GUIDE

Table with multiple columns: OPERA & BALLET, THEATRES, CINEMAS, CLUBS. Lists various venues, shows, and times.





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APPOINTMENTS

Two directorships for R. G. Duthie

Mr. R. G. Duthie chairman of Black and Edgington, has been appointed a director of BRITISH ASSETS TRUST and EDINBURGH AMERICAN ASSETS TRUST.

Mr. David Williams has been appointed company secretary of ATLANTIC INTERNATIONAL BANK.

Mr. Michael J. Clark has been appointed managing director of Farnell Electronics (Sutton-Clark Associates). He was formerly projects director of Herman Miller.

Rear-Admiral R. W. Halliday is to be promoted Vice-Admiral on March 31, 1978, and to be Deputy Chief of the Defence Staff (Intelligence) in January 1978.

Mr. J. G. Gorge, deputy managing director of J. H. SANKER, is to become managing director on April 1, 1978.

Mr. A. D. C. Davis, managing director of F. J. WALLIS, has resigned with effect from October 1. His decision to resign was made for personal reasons.

Mr. C. W. Brocklebank has been appointed to the Board of CUMULUS INVESTMENT TRUST.

Mr. Peter Thornton has been appointed as executive director of COURTAULDS from October 1.

Mr. Jack O'Malley has been appointed to the main Board of SEPTON COMPUTER SERVICES.

BRITISH TUNNY DISC, the UK subsidiary of the Disc Incorporated of America, has made Dr. Frank A. Green managing director.

Mr. Bill Pybus, chairman (formerly Amalgamated) of Holdings and of British Airways, has been appointed director of the Outer Regional Board of NAT WESTMINSTER BANK.

Mr. Christopher Mack has been appointed managing director of WATSON'S, the principal operator of the British Airports Authority, within Christian Salvesen (Properties). Mr. Mack is currently finance director of

Mr. Adrian Schofield has appointed managing director A. C. FARNELL and FARNELL AUDIO VISUAL in succession to Mr. Albert E. Long who decided to devote more time to his responsibilities as chairman of Farnell Electronics.

Mr. Peter Barby, direct training at the Road Transport Training Board, will be succeeded by Mr. Chris Barby as deputy chief executive of the Agency's Industrial Training Board.

Mr. G. W. R. Dawney at Peter Barby's resignation has been appointed as chairman of the Board of Directors of BELL'S SOUPS.

Mr. M. K. Hathaway has been appointed as company secretary of GLEN ENGINEERING COMPANY.

Mr. John Kirby, a director of GILTSPIR SHIPPING, has appointed chief executive surface freight forwarding company covering the U.K. wide network.

Mr. Don Barby has been president of the BRITISH INARY ASSOCIATION for the past year.

The Secretary for Eber authorised the appointment of W. J. Prior, a member of the Electricity Council, as a director of the ATTOLCO BOARD from October 1.

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LABOUR NEWS

Teachers' executive attacks Taylor report on schools

BY OUR LABOUR STAFF

SERIOUS CONCERN about the educational implications of the Taylor Report on School Managers and Governors was expressed by the executive of the National Union of Teachers in London yesterday.

The NUT, the statement added, wanted governing bodies to comprise local education authority, teaching and parent representatives, but rejected the idea of a governing body for each school.

The Stockport NUT is meeting this week to consider developments and draw up a battle plan.

Professions 'threatened by closed shop laws'

MUCH OF the recent legislation on closed shops will do "irreparable damage" to the quality of professional services in Britain, a conference of professional engineers was told in Nottingham yesterday.

Addressing delegates at the annual conference of the U.K. Association of Professional Engineers, Dr. Harold pointed out that the respect given to the opinions of professional people largely arose from their position of political and independent of other extraneous influences.

Dr. Harold told the conference that it would be "unthinkable" for doctors who wanted to resign from the BMA on grounds of conscience not being able to do so because they would be dismissed from their jobs.

Youth research group opposes jobs scheme

BY OUR LABOUR CORRESPONDENT

WIDESPREAD CHANGES in the geographical areas more than 120 miles across.

The arrangements to replace existing schemes will come into force next year. Youthaid has evidence to the Commission that the area boards proposed to run the programme are too few, and will cover too wide an area.

Mass meeting at Ford plant

SENIOR SHOP stewards in the body stamping plant at the 1110m. Ford car factory at Halewood, Liverpool, are expected to call a mass meeting of 1,500 workers this morning.

The main shop floor declined on Friday to back the walkout.

Bahrain show

THE FIRST Middle East Materials Handling show and exhibition will take place at the new Bahrain exhibition centre on October 22-25, 1978.

Boards should never cover more than one education authority, and be sufficiently local for business and trade union representatives to understand the problems of the labour market.

Businessman's Diary

U.K. TRADE FAIRS AND EXHIBITIONS

Table with columns: Date, Title, Venue. Includes entries like British Genius Exhibition, U.S. Quality Control & Test Equipment Exbn.

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Table with columns: Oct. 1-5, Title, Venue. Includes entries like Earthmoving, Construction and Forest Mach. Exbn.

BUSINESS AND MANAGEMENT CONFERENCES

Table with columns: Sept. 25, Title, Venue. Includes entries like C.B.I. & British Shippers' Council: EEC Customs Union, BACIE: Effective Presentation.

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week.

Table listing various companies and their financial activities, including dates and amounts.

Table listing various companies and their financial activities, including dates and amounts.

PERSONAL COMPANY ANNOUNCEMENTS

Advertisement for 'Inness' featuring a testimonial about a memorial and the benefits of Inness for health and vitality.

Large advertisement on the right edge of the page, partially cut off, mentioning 'Inness' and 'Memorial'.

Insurance against the death of a salesman

BY ERIC SHORT

INSURABLE companies realise that there would be a financial loss if a certain employee died, but they do not know how much. Insurance companies underwriting such a risk say that they do appreciate the problem and maintain that is being made and they will usually agree to a return to normal figure that is considered reasonable. Since this type of insurance is still the exception rather than the rule companies contemplating it would probably be best advised to seek a professional view. Some insurance brokers have made key-man insurance a speciality and are thus able to offer advice on which lie or become totally employees are in key positions. Or if they do get and what level of cover is required.

The type of cover provided is quite straightforward. The policy should be so designed that it has gone for this market in a big way, offers a convertible temporary assurance to cover the death risk and a separate permanent health contract to meet the disability risk. The mix depends on the client's requirements. Medical evidence is required.

The period of life cover can be taken up to normal retirement age, but cover for such long periods is not usually necessary. Where the employee is under a service contract, the usual procedure is to take out a contract to the renewal date of that contract. Then if the contract is renewed a fresh policy is taken out. The Phoenix's temporary assurance policy is of the convertible type, so that it can be renewed with a fresh medical examination.

Under normal circumstances, the premiums would be treated as a normal business expense and would be allowable against corporation tax liability. In this case, the money resultant from the claim would be treated as trading profits and taxed accordingly. Therefore, it can be arranged to have the sum insured paid over a certain period, in effect replacing the types of profits that would have been earned.

There can be tax problems where the key employee concerned is a controlling director. In such cases it is advisable to seek a ruling from the local inspector of taxes.

man whose personal business in a certain technical area is responsible for the business in a certain technical area. There can be tax problems where the key employee concerned is a controlling director. In such cases it is advisable to seek a ruling from the local inspector of taxes.

Business courses

ments of Staff Appraisal, London, Close, Stanhope Place, London, W.2. Fee: £196.56.

Course Administration of Personnel Management, London, Upper House, W.C.1. Fee: £120. Details from The Institute of Management Development, Churchhill House, 197, Knightsbridge, London, S.W.7.

International, 6-10, Frederick Close, Stanhope Place, London, W.2.

Planning Tomorrow's Men and Women—The Identification of Management Potential, The London Hilton Hotel, October 3-4, cc. London, W.C.1. Fee: £120. Details from The Institute of Management Development, Churchhill House, 197, Knightsbridge, London, S.W.7.

Would you like us to be your memorial?

Most of us reasonably want to leave a tangible evidence of our life's events and concern for others. Help the Aged welcomes an enduring citation between donors and the work they have helped. So if you are carrying your will, and would like your name for others to continue in your name, we will be glad to send you, or your professional advisers, details of the several ways in which this is possible.

The number of old people is growing and their problems of loneliness, lack of armth and suitable medical facilities. You can help a Day Centre and retain continuing association with it on its Citation Plaque with a gift of £150; or donate a house while remaining in it for your lifetime.

You can name a whole scheme for £100 upwards. Gifts or bequests to charity are now free of tax up to £100,000. It is possible for some estates to reduce the impact of Capital Transfer Tax with a bequest. We shall be glad to give details without obligation.

If you are considering a legacy, write to the interesting and helpful leaflets on the making of wills and the impact of Capital Transfer Tax. Free on request, together with the Annual Report and Accounts from The Aged, The Rt. Hon. Lord Bray-King, Help the Aged, Room 21, 32 Dover Street, London W1A 2AP. Telephone: (01) 499 0972.

EXECUTIVE HEALTH

Please cure me by return of post . . .

BY DR. DAVID CARRICK

THERE is a strange tradition about the multiples of twenty-five which excites the desire for wild celebration at the most, and mild comment at the least. Royal Jubilees are splendid affairs, and even the achievement of half and full centuries by cricketers cause limited jubilation—so long, that is, as they are scored by members of the home team.

This all leads up to the world-shattering information that this article is the 100th in a series that started in August 1973 and, excepting for a slight hiccup when we were in the high nineties, one that has plodded on at the glacier-like rate of one per fortnight.



... I'm not supposed to laugh at something medical! "

There were several reasons for writing these essays, the most important of which was to fulfil a quaint ambition of mine (and thoroughly shared by the invaluable IONICUS) to produce understandable and reasonably accurate medical information in a light vein. Believing that medicine does not belong in the funeral parlour, and that too many medical articles tend to be morbid and even frightening because that is the stuff news is made of and is not calculated to amuse, we have attempted to sweeten the pill and make it more palatable.

That this approach is not always understood was illustrated by a curious adventure that befell me at a party a couple of years ago. A solemn, sepulchral stranger who, by his dress and physiognomy, looked as though he might be a successful undertaker, introduced himself and announced that he read my

articles. I replied that I was pleased to hear that somebody had read them, and the man said that he supposed so. Then, after a long pause, he added: "But, unfortunately, they have given me a problem."

Another free consultation, I thought, but was much surprised when he explained his painful difficulty. "The trouble is," he muttered, "just occasionally they make me want to laugh!"

Taking that at its more favourable interpretation, I asked what was wrong with such an emotion. "He stared at me, as blithe as a bloodhound, and said: "But they're medical; surely I'm not supposed to laugh at something medical!" I told

weeping, which greatly marred her enjoyment of her wedding anniversary, the cause was one end of a room to the other, discovered: she was allergic to the pollen of lilies which had been included in her wedding bouquet and subsequently in each anniversary posy given by a loving husband. When roses were substituted, she never more sneezed at her anniversaries and all was peace and joy.

Not unnaturally, some letters have expressed criticism—usually on unexpected themes. One good lady accused me of being "anti-female," and sometimes I wish that were even more true. Several times I have been suggested that I have many shares in products that I have named on very rare occasions: follow-up, and again I wish that I could afford such luxuries. But I met unexpected censure as the result of an article in which, having praised the virtues of animals, I claimed that they were even innocent of pollution.

Now I was actually referring to smoke and fumes, but one most worthy man took me to task severely and furnished me with some fascinating and momentous statistics concerning the quantity of fluids and solids (in gallons and tons) he wanted discarded annually by the dogs of Britain. How these figures were obtained I do not know; but to be sure, to make a comparative study involving more secretive and less careless animals, such as cats, would cite amazement and admiration.

During that very hot summer, I greatly aggrieved a manufacturer of electric fans by saying



Dr. David Carrick, medical officer of the Financial Times

much pestered of late by certain purveyors of sound-proofing materials. Thus I turned them on to him and vice versa . . . and heard no more from either party.

Anyway, letters from readers are of value in several ways, and I trust that, during the trail towards the second century, executives, their families and staff will continue to put me right; when I err; purr when they approve; but, above all, put forward suggestions for topics of interest—so long as they are not too abstruse.

The question of self-advertisement

BY H.A.N. BROCKMAN, ARCHITECTURE CORRESPONDENT

AT ITS July meeting the Council of the Royal Institute of British Architects voted to amend the clause in the Code of Professional Conduct which, in common with other major professions, forbids its members from individual advertisement.

The Architects' Registration Council of the U.K., as the controlling body for all architects, was consequently asked by the RIBA to make a parallel amendment to its own code.

The figures for the crucial vote in the RIBA Council were highly unsatisfactory; there are 60 Council members, 20 of whom voted in favour, with 17 against and five abstentions. Such a fundamental relaxation of the Code should have merited a far greater turnout especially as the majority of regions and branches of the Institute had rejected the proposal.

The ARCUC, by law, controls activities of a number of architectural bodies of whom the RIBA is numerically the principal, and it is the ARCUC which will consider the matter at its meeting on October 12.

In the meantime objections have arisen from all over the country and a ballot organised by the newspaper Building Design has resulted in an 80 per cent. "no" from over 3,000 ballot papers received.

The Architects' Journal has also polled its readers—the result is not yet available—but it would be surprising if it differed much from that of Building Design's readers.

As the result of angry correspondence, which included a few resignations, the RIBA Council, when it meets again on October 4, will be asked by the Policy Committee whether it wishes to reconsider the question. It is unlikely to vote to reverse the decision as such an action demands a two-thirds majority, but it is possible that it will request ARCUC to take no action for the time being.

Benefit

It would seem that only the smaller practices could in any way benefit from self-advertising; the larger firms with sound connections are most unlikely to make any move in this direction. Certainly in London the only advertising which could be of any use would have to be in one or other of the national papers and would be very expensive and out of the reach of small firms. Provincial papers could prove more useful as practices out of London are mostly in more thinly populated areas. It would moreover help counter unfettered competition from "architectural consultants" who, while being prohibited from calling themselves architects, can nevertheless use the word "architectural."

But is it really desirable that such a move should be made at all? Those in favour feel it is more ethical to get work by knocking on a prospective client's door and explaining the services and skills an architect can offer, than by getting to know him by joining the golf club. Moreover, the architectural profession is closely bound up with the building industry

and it is the only part of that industry which does not advertise, with the exception of other established professions such as consulting engineers.

One distinguished and influential member of the RIBA Council, Andrew Derbyshire, recently wrote in the Architects' Journal supporting the proposal. He argued that architects should change their concept of professionalism. If architects were to help meet the challenge of the future they had to accept new tasks, new ways of working, new responsibilities and new forms of accountability. If they did not, others less well qualified in skill, and less committed

to a moral code, would have to take over, simply in order to deal with the staggering need. He added: "The self-protective rules forbidding advertising . . . should now be relaxed in the interests of the consumer. We must make competition by performance more effective by giving architects freedom to communicate facts about their performance to potential clients."

In the same number of the A.J. Mr. Raymond Cecil, who is one of those who have resigned from the Institute on this issue, wrote that in his view the proposed revision of the code was nothing in the first Royal Charter of the RIBA which im-

proved rule would permit not to advertise. The question could allow "soliciting." The "design consultants" could not be considered when architects were tested on their own rather than the muddy ground, they would only be defeated by more professional, not less.

More recently comes the analytical view of Clem Shepherd. He is a member of the Institute running a public relations practice for architects as already permitted under the Code.

He is on rather weak ground, I think, when he goes back into history to point out there was nothing in the first Royal Charter of the RIBA which im-

plied that architects should not advertise. The question could not have been remotely considered when architects were setting up alongside the lawyers and the doctors as organised professional practitioners. Nevertheless, advertising, as he wisely points out, has nothing to do with reputation; the important thing is the way the profession adjust to change.

Remove one brick in the structure of professionalism, he writes, and others start moving: limited liability the fixed fee scale.

The Monopolies Commission which had discussed with the RIBA the matter of scale fees

and months ago produced evidence in favour, is itself reporting "early next month," no precise date is available. It seems that both RIBA and ARCUC should watch their step before taking any precipitate action in the circumstances.

As a member of the profession I have long held the view that the alternative to this conflict, if there can be such a thing in view of the evidence now coming in, is for the Institute itself to advertise its functions and professional skills of architects as a whole and not leave it to individual members to shout their wares among the prevailing raucous clamour.

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Welsh Development Agency

Treforest Industrial Estate, Pontypridd, Mid Glamorgan CF37 5UT. Tel: Treforest (044385) 2666. Telex: 497516.

RELUCTANT CONSUMERS AND STICKY EXPORT MARKETS

Japan: the high flyer is stalled

By CHARLES SMITH, Far East Editor in Tokyo

The value of conditions

IT IS as refreshing as it is rare to have an IMF meeting where the U.K.'s economic performance is singled out for commendation.

There has been a certain amount of criticism of the U.K. management of the sterling exchange rate. Fortunately for the Chancellor some of this criticism is self-cancelling.

End of a nuclear chapter

THE WORK of the Nuclear Suppliers' Group in trying to limit the spread of nuclear weapons has been one of the most successful exercises in international diplomacy in recent years.

Moreover, the exercise has been the more impressive in that it has not been accompanied by any grandiose statements of intent.

JAPANESE economic aspirations for the fiscal year ending next March 31 and the attempt to soothe foreign critics have focused on two targets, both of which may never be hit.

The target for the real growth rate of GNP, but in rate of Gross National Product, nearly every pre-oil crisis recession which the Government says can be achieved, but which will be achieved, but which will be achieved, but which will be achieved.

No simple cure The diagnosis is a fairly simple one—though the cure may be anything but simple.

MEN AND MATTERS

I'll resign... if it's true

IN the wake of the death of Steve Biko, one extraordinary journalist in South Africa has taken it upon himself to lead the demands for a full inquiry.

Oh Denis, you are a card

The Denis Healey walking, joking travelling road show—boosted by good reviews at the dress rehearsal in front of the Commonwealth in Barbados—took Washington by storm over the week-end.

Sheffield united

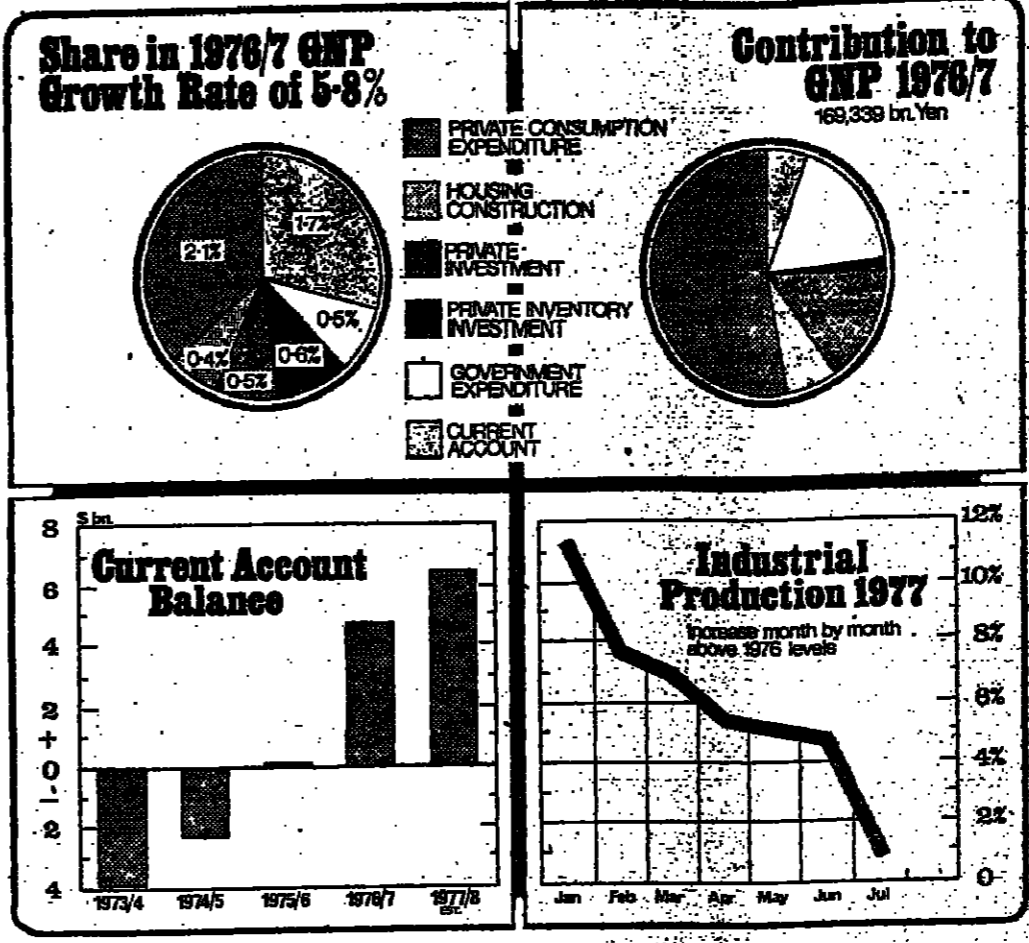
Sheffield, so long synonymous with steel, now rules supreme at British Steel following the top level management re-shuffle this week-end.

Marx on his head

A witless man at the expense of the Kremlin is currently delighting the intelligentsia of Eastern Europe. It highlights the Soviet anxiety about the spread of Eurocommunism.

Sheffield united

Sheffield, so long synonymous with steel, now rules supreme at British Steel following the top level management re-shuffle this week-end.



Manufacturers are facing a go all out for consumption as their opposite numbers still discount rate reduced to its lowest post-war level of 4.25 per cent.

The Japanese aluminium industry, to take an extreme example, is overwhelmingly dependent on imported crude oil for its energy supplies.

LIBERAL CONFERENCE

I don't like LIB-LAB but it sounds a lot better than LIB-CON.

to become general manager of a mill at Rotherham. The man who replaces him as personnel and management chief is another Yorkshireman, David Grieses, who formerly worked with the special steels unit in Sheffield.

Chief executive Bob Scholey is the archetypal Sheffield man himself, having risen to the top through the United Steels group while Derek Saul who runs the Teesside division and Peter Allen, in charge of the Welsh division, also hail from the same stamping ground.

Watersone himself has been moved sideways to head BSC chemicals and expand the North Sea related business.

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year is that the economy just about be able to ad the quarter-to-quarter growth rate of 1.4 per cent. The much publicised 6.7 per cent real growth for the quarter of the fiscal year (April to June) was actually achieved a 1.9 per growth rate, over the pre quarter. This, however, is largely due to an extra heavy concentration during quarter of starts on public projects (whose full value credited to the GNP when begins). Public works ing, which contributed exceptional 0.9 per cent April-June growth rate, have to stay very high if the remainder of the year indeed a good start. It seems likely despite the 1.9 per cent growth targets are achieved.

Nautilus PATEK PHILIPPE ONE OF THE WORLD'S COSTLIEST WATCHES IS MADE OF STEEL. Includes an image of a watch and descriptive text.

Observer

FINANCIAL TIMES SURVEY

Monday, September 26 1977

مكزامن الأجهل

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thony McDermott

Arab Cooperation and Development

The Arab world is strained by divisions as it faces the difficult option posed by the U.S. peace initiative. But underlying factors working towards unity are stronger, and being expressed in many forms of cooperation.

AINS an unity which b countries are now og contrast with the e. euphoria and sense nated purpose geny the October war of 1 Israel. Evidence of this, it is ssary to look further 2 meeting of Arab held in Cairo earlier h, ostensibly to prepare amme for the new the UN General . Besides repeating the al Arab requirements ettlement, the most us proposal was to Israel's decision to settlements on the unk- (something the tates has already de) illegal several

Since then, both the imediate issues, the political environment, and the negotiat- ing tactics have been turned up- side down. Dr. Henry Kissinger, on the Right and the Moslems Lebanon. During this period—in spite of overall differences—two groupings covering the western and eastern bank of Israel have developed. Jordan and Syria formed a Supreme Command Council in August, 1975 (thereby helping to formalise steps towards a national "Greater Syria" which would include Lebanon and the West Bank as well). Egypt and Syria formed a unified com- mand in December, 1976, which Sudan joined in February. Syria is the vital connecting link, but behind the scenes Saudi Arabia, through its enormous wealth and religious influence, is asserting its weight. The emergence of the hard- line Likud regime in Israel under Mr. Menahem Begin—in its own way as religiously fundamentalist and impracticable as Saudi Arabia—should have closed Arab ranks, but dif- ferences are all too apparent. Admittedly, assessment of Arab disunity depends on how seriously one takes the pro- testations of this family of nations, which is so diverse despite a common language and the pre- dominance of Islam within it, about al-Urouba, or the concept of Arabism. The fact is that there are currently three fratricidal disputes which could lead to local wars between members. In the case of Egypt and Libya, it already has in the form of the brief outbreak of fighting and even more bitter recriminations in June. The conflict between Cairo and Tripoli is far from over. Secondly, there is the tension between Algeria and Morocco over the former Spanish colony of Western Sahara. This has been uneasily divided between Morocco and Mauritania, against which the Polisario guerrilla movement, supported by Algeria, is carrying out a persistent campaign. This conflict too, always carries the possibility of direct conflict between Algeria and Morocco. Thirdly, the rival Baathist regimes of Iraq and Syria have for many years been at odds, which have been sharpened by explosions in their main cities, usually attributed by one side to the machinations of agents of the other. In spite of these divisions, there are fundamental ties which bind the Arab world, often defined only with difficulty but which transcend the obvious ethnic, physical, dialectical, reli- gious and social differences in 20-odd states. The collective feel- ing which is expressed well by the term al-Urouba, has been heightened by the massive increase in Arab wealth, parti-

fratricidal disputes which could lead to local wars between members. In the case of Egypt and Libya, it already has in the form of the brief outbreak of fighting and even more bitter recriminations in June. The conflict between Cairo and Tripoli is far from over. Secondly, there is the tension between Algeria and Morocco over the former Spanish colony of Western Sahara. This has been uneasily divided between Morocco and Mauritania, against which the Polisario guerrilla movement, supported by Algeria, is carrying out a persistent campaign. This conflict too, always carries the possibility of direct conflict between Algeria and Morocco. Thirdly, the rival Baathist regimes of Iraq and Syria have for many years been at odds, which have been sharpened by explosions in their main cities, usually attributed by one side to the machinations of agents of the other. In spite of these divisions, there are fundamental ties which bind the Arab world, often defined only with difficulty but which transcend the obvious ethnic, physical, dialectical, reli- gious and social differences in 20-odd states. The collective feel- ing which is expressed well by the term al-Urouba, has been heightened by the massive increase in Arab wealth, parti-

Costly In terms of human life it was one of the costliest civil wars of the century. Syria inter- vened with skilful cynicism—first making sure that the Left did not triumph, then ensuring the survival of the Right and latterly supporting the Palestin- ian presence in the south. In the process it at once be- came a villain in Palestinian hagiography, not least by allow- ing the Right-wing forces to take the camp of Tel el Zaatar after a 50-day siege. The out- come is that the Palestine Liberation Organisation—for so long a sacred cause for all Arabs—is now more weakened than ever. Peace in Lebanon finally came at the last Arab summit held in Cairo in October, 1976, where a theme vital to the understand- ing of Arab politics emerged again—the ability of Arabs after abrasively abusing each other to patch up reconciliation and to compromise. It was agreed that Syria would drop its criticism of the second Sinai agreement, while Egypt would

virtually handing over the negotiations for Jordan's West Bank after Israel's withdrawal to the Palestine Liberation Organisation (PLO). In the euphoria the Arab countries gave themselves the impression (and others who wanted to use or abuse the illusion) that some- thing decreed was a triumphal fact. Since then, both the imediate issues, the political environment, and the negotiat- ing tactics have been turned up- side down. Dr. Henry Kissinger, on the Right and the Moslems Lebanon. During this period—in spite of overall differences—two groupings covering the western and eastern bank of Israel have developed. Jordan and Syria formed a Supreme Command Council in August, 1975 (thereby helping to formalise steps towards a national "Greater Syria" which would include Lebanon and the West Bank as well). Egypt and Syria formed a unified com- mand in December, 1976, which Sudan joined in February. Syria is the vital connecting link, but behind the scenes Saudi Arabia, through its enormous wealth and religious influence, is asserting its weight. The emergence of the hard- line Likud regime in Israel under Mr. Menahem Begin—in its own way as religiously fundamentalist and impracticable as Saudi Arabia—should have closed Arab ranks, but dif- ferences are all too apparent. Admittedly, assessment of Arab disunity depends on how seriously one takes the pro- testations of this family of nations, which is so diverse despite a common language and the pre- dominance of Islam within it, about al-Urouba, or the concept of Arabism. The fact is that there are currently three

example, in Egypt, President Sadat succeeded constitutionally on Nasser's death. In both Syria and Iraq—regarded as chronic- ally unstable—there has been no change in the head of state for some years. To some extent, this reflects the fact that Arab heads of state, as in many other regions, have become pro- fessionals in staying in power. The tools are familiar—tame news media; limited exercises in party politics; and tough security and armed forces. But Arab oil-wealth has been a useful addition to a govern- ment's armoury.

So far, the reaction has been to reinforce the fundamental values of Islam as a bastion against chance. Such has been the financial dependence of other countries on the oil-rich states of the Arabian peninsula the glimpses of how other countries run their affairs and how ordinary people behave or misbehave, together with higher educational standards, will inevitably lead to a more critical questioning of the way their own govern- ments, dominated either by ruling monarchical families or by "party-backed" leaders, run their affairs. This year a law of Islamic punishments was drafted by a committee of Moslem religious leaders and legal scholars at the request of the more conservative members of the People's Assembly. After pro- tests by the Coptic community, those proposals (legal at least in theory in Libya and the United Arab Emirates) were shelved but they included the cutting off of the right hands of thieves, the stoning to death of adulterers and sodomites, the banning of apostates, and the flogging of those producing, selling or drinking alcohol. This reversion to puritan, basic principles can be seen as a reaction to the revolutionary trends which dominated the Arab world from 1956 up until the time of President Nasser's death in 1970. In his own peculiar way Colonel Gaddafi co-operate on monetary issues, has tried to evolve a political ideology—his "third inter- national" theory—which com- bines Islamic creed in an set up foundations of much absolutist form and socialism greater stability and unity while also at the same time identifying the population with his own dictatorship. Libya has been called Janahiriya a

Below the superstructure of co-operations lurk several potential strains and contradic- tions. One comes as a result of increased education and greater opportunities for travel. For the less privileged in the oil-rich states of the Arabian peninsula the glimpses of how other countries run their affairs and how ordinary people behave or misbehave, together with higher educational standards, will inevitably lead to a more critical questioning of the way their own govern- ments, dominated either by ruling monarchical families or by "party-backed" leaders, run their affairs. So far, the reaction has been to reinforce the fundamental values of Islam as a bastion against chance. Such has been the financial dependence of other countries on the oil-rich states of the Arabian peninsula the glimpses of how other countries run their affairs and how ordinary people behave or misbehave, together with higher educational standards, will inevitably lead to a more critical questioning of the way their own govern- ments, dominated either by ruling monarchical families or by "party-backed" leaders, run their affairs. This year a law of Islamic punishments was drafted by a committee of Moslem religious leaders and legal scholars at the request of the more conservative members of the People's Assembly. After pro- tests by the Coptic community, those proposals (legal at least in theory in Libya and the United Arab Emirates) were shelved but they included the cutting off of the right hands of thieves, the stoning to death of adulterers and sodomites, the banning of apostates, and the flogging of those producing, selling or drinking alcohol. This reversion to puritan, basic principles can be seen as a reaction to the revolutionary trends which dominated the Arab world from 1956 up until the time of President Nasser's death in 1970. In his own peculiar way Colonel Gaddafi co-operate on monetary issues, has tried to evolve a political ideology—his "third inter- national" theory—which com- bines Islamic creed in an set up foundations of much absolutist form and socialism greater stability and unity while also at the same time identifying the population with his own dictatorship. Libya has been called Janahiriya a

Investments Thus, massive investments have been made, especially in the countries of the Arabian Peninsula, in educational and social services, so that govern- ments should not be accused of neglecting their subjects. Fur- thermore, there has developed within the Arab world an in- creasingly intricate network of channels for economic assistance, ranging from direct aid to "frontline states" to project financing of those producing, selling or drinking alcohol. This reversion to puritan, basic principles can be seen as a reaction to the revolutionary trends which dominated the Arab world from 1956 up until the time of President Nasser's death in 1970. In his own peculiar way Colonel Gaddafi co-operate on monetary issues, has tried to evolve a political ideology—his "third inter- national" theory—which com- bines Islamic creed in an set up foundations of much absolutist form and socialism greater stability and unity while also at the same time identifying the population with his own dictatorship. Libya has been called Janahiriya a

CONTINUED ON PAGE XII

APCL-The container service poised to catch Arabian export deadlines

Dubai, Muscat, Dammam, Bahrain, Kuwait.



The chase is on for British exporters in the lucrative Arabian markets. And helping them lead the hunt is the Arabian Peninsular Container Line. It's a joint operation that combines all the expertise, experience and resources of two of the biggest, most successful names in Middle East shipping—P&O Strath Ellerman and the United Arab Shipping Company. APCL provides the British exporter with the fastest, most frequent door-to-door service, for FCL and LCL cargoes, to all the major Arabian markets. Sailing every 11 days (from Tilbury and Liverpool) direct to Dubai, Muscat, Dammam, Bahrain and Kuwait. With all other major trade centres in the United Arab Emirates covered by our extensive road haulage network from Dubai. That's the Arabian Peninsular Container Line. More sailings to more ports. A fast, first class reliable service—a service poised to catch your Middle East delivery deadlines. For full details regarding the APCL operation contact:

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ARAB COOPERATION AND DEVELOPMENT II

Evolution of the Arab League

THE ARAB LEAGUE, like many disparate multi-national organisations, has often been painted as being both weak and irrelevant. That it often seems so is almost inevitable for an organisation which was created with the United Nations very much in mind. Indeed it just came first. The principles of the League of Arab States, known as the Alexandria Protocol, were signed October 14, 1944. Egypt, Saudi Arabia, Iraq, Syria, Lebanon, Yemen, and Transjordan signed the League officially into existence on March 22, 1945, but the UN Charter was not signed until June 25, 1945. The Arab League has had one major setback since the UN in that it was not invited to appear in any way one time, the scope of its interests are not as broad. Moreover, they are of a common language and race.

In spite of the League's inherent weaknesses, it is a fact that, during the 32 years of its existence, it has been most effective when the Arab world has been under stress, divided and without one paramount leader. In such circumstances there is a tendency for the Arab League to fulfil, essentially by default, a sort of unifying role. The corollary occurred during Nasser's heyday when the League was largely ignored or had its importance reduced to that of a bit player.

The Arab preparations for the current session of the UN General Assembly demonstrate the League's limitations even at a time when there is no Nasser to put it in the shade. Earlier this month, the League's Foreign Ministers met in Cairo ostensibly to draw up a united strategy for debates on the Arab-Israeli conflict. A common position was reached in protest against Israeli settlements on the West Bank (which even the U.S. has publicly declared as illegal repeatedly), but otherwise the definition of an Arab position on the conflict was hampered by disagreements, sometimes noisily vocal, between Egypt and Syria.

Yet sometimes the fiction of unity is undoubtedly useful. The Arab peace-keeping force in

Lebanon is a case in point. No state would pretend that force is anything in fact other than cover for Syrian troops although there are units from Saudi Arabia, Sudan, Libya, the United Arab Emirates, and the Yemen. A credible and cynical assertion would be that Syria had been successful in obtaining Arab League blessing for the furtherance of its regional ambitions. But one day, Syria will have to face the reality of this fiction and choose either to withdraw its troops from Lebanon completely or to drop the fiction of the Arab League's cover and to indicate that it intends to remain as an overt occupying force. However, the main point is that the Arab League has played a significant role — with the permission also of Kuwait, Saudi Arabia, and Egypt — in ending the Arab world's bloodiest internal conflict in modern times.

Impotent

Generally, however, the Arab League has been impotent in dealing with both the Arab-Israeli conflict and inter-Arab disputes. It has, for instance, had no effect on the three running this year: between Egypt and Libya, which burst into open war in July, between Algeria and Morocco over Western Sahara, and the continuing Baathist intrigues between Syria and Iraq.

If the Arab League's political record within the Arab world is flawed, there is no doubt that its role in promoting relations with blocs has been more successful. This is evident in the protracted dealings with the EEC, and with Africa. The most dramatic reflections of the latter was the Afro-Arab summit in Cairo in March.

However, since the growth of wealth derived from the increase in oil prices after the 1973 Arab-Israeli war, Mr. Mahmoud Riad, the Secretary-General has been giving increasing attention to the development of the organisation's numerous economic agencies. Indeed, this policy decision may well be — in spite of member states' predilection for bilateral relations — a better tactical decision in terms of building up Arab unity than politically-based directives.

The Arab League consists of 22 members. Its most recent four members have all in their own ways been controversial. Now that the obviously Arab countries have been accepted, Mauritania (admitted in December, 1973), Somalia (February, 1974), and Djibouti (admitted earlier this month) all caused some heart-searching about the extent to which these states were truly Arab. In the end, the desire to extend Arab political influence, particularly along the Red Sea through Somalia and Djibouti, triumphed over these doubts. It is an irony that the PLO was only admitted as a full member in September last year when, as a result of the Lebanese civil war and Syrian pressure, it was in its most weakened political condition for years. In July, the Comoro Islands, lying off Mozambique in the Indian Ocean, applied to join the Arab League.

In the future, it is possible that Mali or Chad could put forward their applications.

The Arab League is pyramid-shaped like most organisations of its kind, its central organisation is the Council, which meets in March and September of each year. Attached to the Council are 16 committees covering politics, culture, economics, communications, social affairs, law, oil, information, health and human rights. Below that layer come the organisations for carrying out the decisions of the Council. One of the most important of these is the Joint Defence Council headed by the Egyptian Chief of Staff, General Mohammed Ali Fahmi. But also attached to the League are a myriad of pan-Arab agencies of which the most important are the Arab Educational, Cultural, and Scientific Organisation, the Arab Fund for Economic and Social Development, the Arab States Broadcasting Union, the Arab Telecommunications Union, the Arab Economic Unity Council (itself the father to numerous organisations such as the Arab Monetary Fund and other financial organisations), and the International Arab Organisation for Social Defence against Crime. Indeed, the League tries to provide committees and organisations to co-

ordinate every facet of life in the Arab countries.

The Arab League has had only three secretaries-general during its existence: Abdel-Rahman Azzam (1945-52), Abdel-Khalik Hassouna (1952-1972), and Mahmoud Riad. Each in their own way was well suited to cope with leading the League at the particular time in Arab history in which they were in power.

Azzam, a long standing Arab nationalist of impeccable credentials, had the authority which none of his successors could have had. While there were only seven members, his authority was often considered to be higher than that of the Prime Ministers of individual states. He had been deeply involved in the establishment of the Arab League, which he saw as a vehicle for Arab nationalism.

With Hassouna's appointment charismatic leadership was replaced by patient statesmanship. Hassouna has frequently been accused of having been too involved in the minutiae of the daily running of the organisation, and of staying in office too long. But the fact remains that he did much to raise the standard and intellectual calibre of officials in the League.

In many ways, Hassouna was fortunate in succeeding Azzam a few months after Nasser's overthrow of the Egyptian monarchy, for it meant that he could not be swept away too on the pretext of being an official, albeit of a pan-Arab rather than Egyptian organisation, tainted by direct association with the monarchy. Furthermore, Hassouna had the chance to run the League without interference while Nasser made up his mind as to what his attitude towards it should be.

Nasser meanwhile discovered Arab nationalism, and after the Suez campaign of 1956 emerged as a pan-Arab figure, unchanged in modern Arab history. Inevitably, he saw the Arab League as some sort of alternative focus of Arab nationalism, and as a result he tended to treat the Arab League either as an anachronism to be threatened to withdraw after the break-up of the United Arab Republic with Syria in 1966, or

O.A.P.E.C. aims at greater coordination

AFTER nearly a decade of existence the Organisation of Arab Petroleum Exporting Countries has already proved itself to be one of the most effective vehicles for Arab co-operation. It was furthered by the common interest of the ten producing states which make up its membership. It could also be said to be serving the interest of the oil producing world at large. That is wholly appropriate because the Arab world's strength derives largely from petroleum resources.

For the consumer, O.A.P.E.C. may be mainly identified with the cutbacks in oil production implemented in the early days of the October War of 1973 and the embargo on supplies to the U.S. which was not lifted until the following spring. True, the crucial decisions were taken at an extraordinary meeting of oil ministers of O.A.P.E.C. members. However, the session was part of the statutory framework of O.A.P.E.C. and the Arab summit held in Algiers took responsibility for deployment of the oil weapon.

In May membership was broadened to include not only traditional Arab oil states — Dubai, Bahrain and Qatar — but also, at Libya's insistence, radical Algeria as well. Iraq, Egypt and Syria were admitted in March 1972, having pulled out shortly afterwards because of the decision to locate the O.A.P.E.C. drydock in Bahrain. Dubai is now represented, technically at any rate, by the UAE.

for the financing of a hydrocarbon-related land and shipping ventures.

Most recent of O.A.P.E.C. actions is the Arab Petroleum Services Company which formally established in at the beginning of this year with an authorised capital of 100 million Libyan dinars (84 of which Libya has so far subscribed. It is in effect holding company under the umbrella of which will be opened various services for the petroleum in the region.

Disappointingly for is a long-standing joint Arab Petroleum Training Institute to specialise in producing instruction petroleum and other land throughout the Arab world still hanging fire. Having endorsed by the minister November, they decided their last meeting in March it should be indefinitely postponed. It is now to be sidored in the context of O.A.P.E.C.'s five-year programme which is being formulated. A dispute appears to have arisen over the location. Nevertheless, O.A.P.E.C. up a collective determination invest in experience as assets. It is already in into various aspects of oil technology such as proteins. The organisation made itself felt at various Arab meetings such as the Arab Conference on Petroleum Resources at Doha in April this year. O.A.P.E.C. organ highly successful oil semi Tokyo last year. It is organising a major Arab Energy Centre which will take place Abu Dhabi early in 1978 ready it is developing something of a "think-tank" for the Arab oil producers they weigh up the options for diversifying economies and making the use of their valuable, but ing asset.

Essentially, however, the aims of O.A.P.E.C. are the promotion of co-operation among members "in the various phases of the oil industries activities" (to quote the second article of its constitution) and to maximise the return from members' hydrocarbon assets. Its purpose has been expressed in the form of four major joint ventures and continuing consultation under its aegis that fit well into the wider pattern of pan-Arab collaboration.

O.A.P.E.C.'s ten members constitute a powerful group. Last year they produced at the rate of 19.4m. barrels a day or the equivalent of 33 per cent. of "free world" production, but a very much higher proportion — about two-thirds — of exports and about half the world's proven reserves.

From its foundation O.A.P.E.C. has never aimed at duplicating the work of OPEC or encroaching upon its basic aim of maintaining and improving the real value of petroleum earnings. But it has taken care to coordinate its policies with it. However, although Arab oil ministers may have taken the opportunity afforded by O.A.P.E.C. meetings to exchange views on basic pricing issues, in practice they have found themselves in different camps at crucial moments of OPEC. Meanwhile, O.A.P.E.C. has evolved in a way that was not envisaged by the founder members — Saudi Arabia, Kuwait and Libya — early in 1968.

Despite the well-planned training programme and the vigorous efforts over the past two years of the affiliated Arabian Shipping and Repair Yard Marketing Services, it appeared for an indefinite period it will experience losses. Yet, Saudi Arabia — anxious about Bahrain's economic viability and the maintenance of full employment there — will be prepared to carry the losses. But at least in terms of profit, it looks a better bet than the rival Dubai project for which technical and management expertise has not been secured. It is unlikely to be operational for a year or so, giving ASRY a head start.

With its statute having been ratified in the autumn of 1974 the Arab Petroleum Investment Company started its operations from headquarters in Doha. At the end of the following year an authorised capital of SR3,000m (\$1,020m), of which one-third has so far been paid up. The objective of AFIC is to assist in the financing of projects in member countries, other Arab states and non-Arab places where O.A.P.E.C. has interests. In his first year of activity it began in a relatively modest way by participating in loan issues denominated in Saudi riyals and Kuwaiti dinars for the Compagnie Nationale Algerienne de Navigation Turquoise Portulerao AF, SAMIR of Morocco and the Sao Meditteranean oil pipeline. However, taking on an altogether new dimension this summer it decided to participate as manager, underwriter and guarantor in a new issue worth \$300m for the Qatar General Petroleum Corporation. \$150m, for CNAN and \$150m, for the Jordanian Govern-

Ventures

First of the OPEC joint ventures to become operational was the Arab Maritime Petroleum Transportation Corporation which took institutional shape in May 1972 when all the members with the exception of Egypt and Syria formed the company with an authorised capital of \$500m to be shared equally by the others. The creation of AMPTC was a collective fulfilment of the Arab oil producers' aspiration to carry as much as possible of their own oil in their own vessels. Kuwait had long previously started to build up its own fleet. Algeria, Iraq and Libya were in the process of developing their own.

AMPTC's fleet now numbers eight vessels, totalling over 2m dwt, flying the flags of different members states. Also on order are two large gas carriers being constructed in France by Chentier de l'Atlantique for delivery in 1978 and 1979. However, whilst member states have been busy building up their national capacity and giving varying degrees of preference it has by no means been plain sailing for AMPTC. AMPTC has not, of course, been alone in suffering operating losses. Faced by them, however, the management has called for more effective support from shareholders governments (the proposal is for preferential tanker prices). Also demanded that would allow them, rather than a radical majority of Arab League states, to take decisions regarding their vital asset.

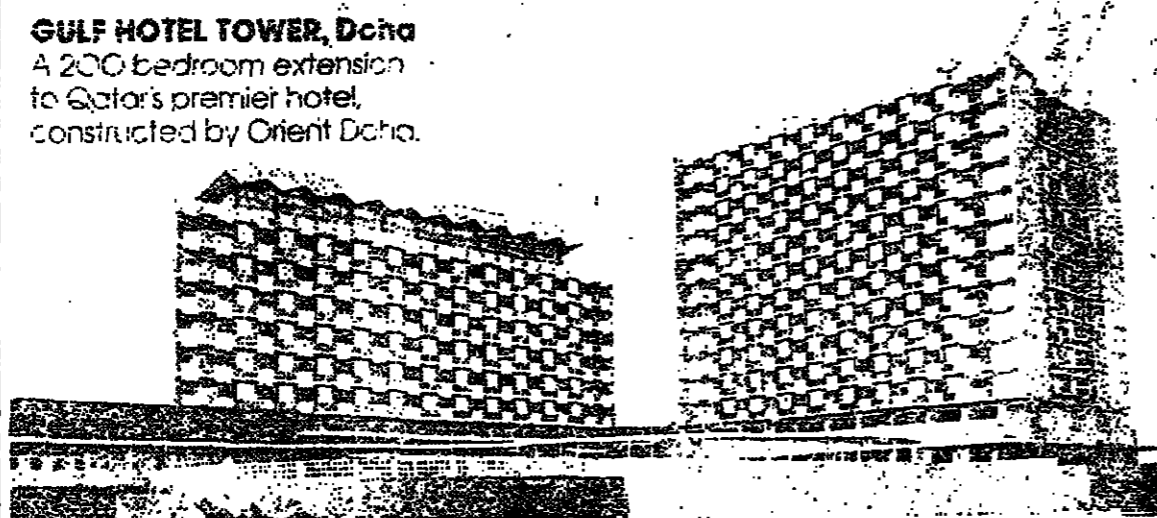
In the previous summer at the outbreak of the June War Saudi Arabia, Libya and Iraq had halted oil shipments completely for a fortnight. Differences subsequently arose between Saudi Arabia and Iraq over the selective embargo the latter insisted upon maintaining against the U.S., the U.K., West Germany, South Africa and Rhodesia. Not until Saudi Arabia, Kuwait and Libya had agreed at the Khartoum summit to contribute \$348m annually in grant aid, which was then a significant sum to the countries concerned at that point, to the confronta-

Portfolio

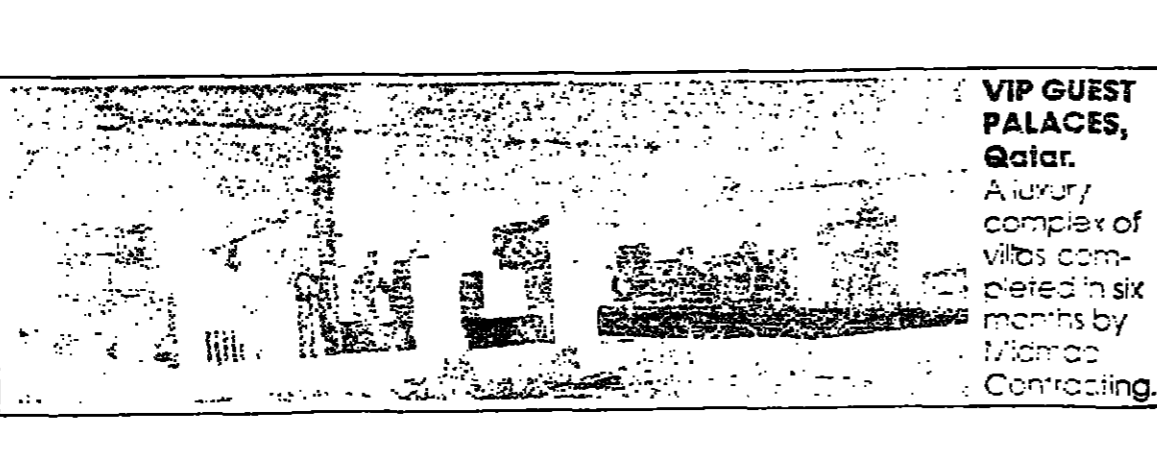
Governing O.A.P.E.C. is a council of ministers who hold oil portfolios or its equivalent for each of the member and have two ordinary sessions annually. Under the Executive Committee up of senior officials who use the executives of the institutions of the ministerialings and also submit resolutions at more frequent intervals. Continuity is given by General-Secretary headed by Dr. Ali Attia, a Libyan who was appointed Acting General-Secretary four years ago. An interview earlier this year the Middle East Economic Survey, he suggested that Secretary's primary should be the generative ideas and analysis — which is shared apparent in many associated with O. in the member states.

In the future actual oil ship, as well as operate new projects might be the four established ven he added. The Secretariat then concentrate on four areas — data collection, research and analysis, evaluation of practical policies, and petrochemicals; prim of manpower development training; and the identification of opportunities for joint investment to be implemented the established companies.

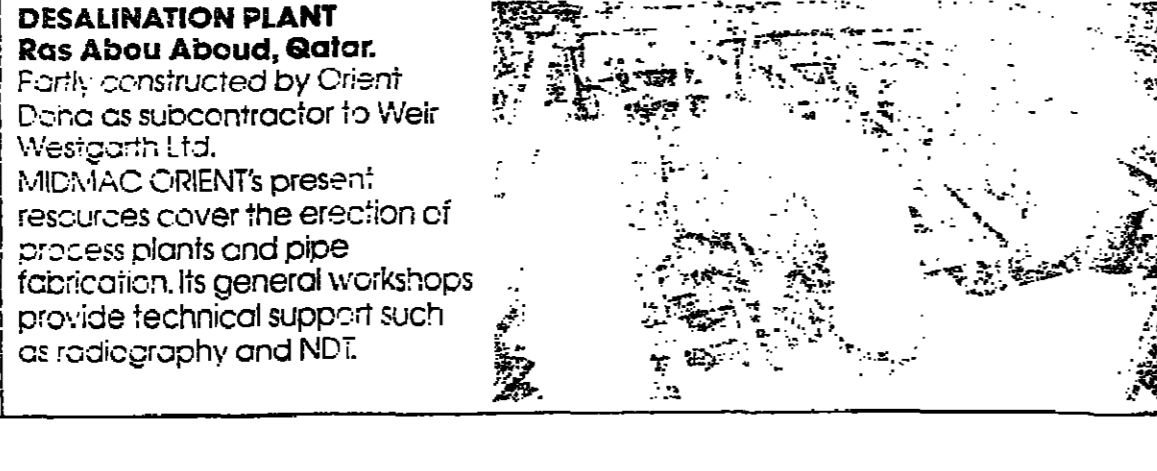
GULF HOTEL TOWER, Doha
A 200 bedroom extension to Qatar's premier hotel, constructed by Orient Doha.



VIP GUEST PALACES, Qatar.
A luxury complex of villas completed in six months by Midmac Contracting.



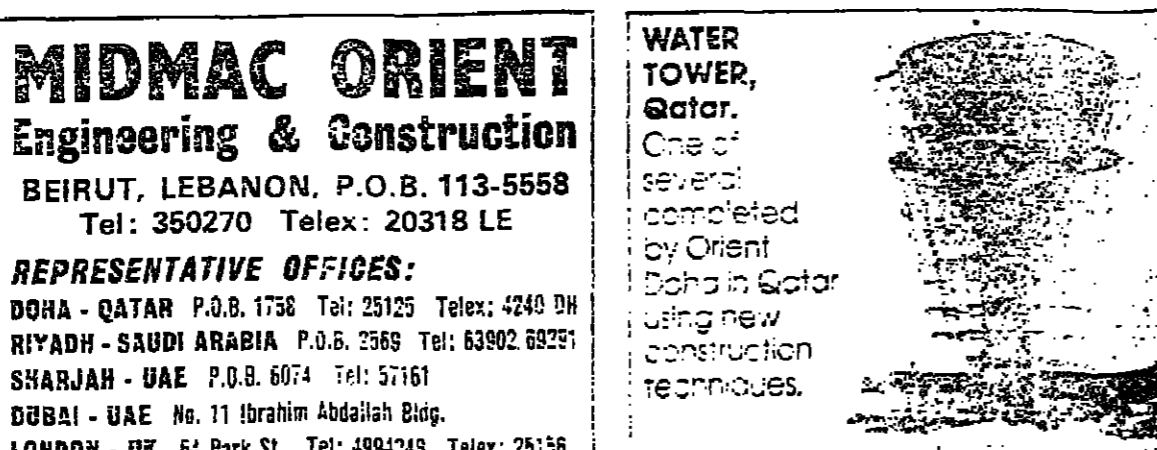
DESALINATION PLANT, Ras Abou Abdou, Qatar.
Partly constructed by Orient Doha as subcontractor to Weir Westgarth Ltd. MIDMAC ORIENT's present resources cover the erection of process plants and pipe fabrication. Its general workshops provide technical support such as radiography and NDT.



MIDMAC ORIENT Engineering & Construction
BEIRUT, LEBANON, P.O.B. 113-5558
Tel: 350270 Telex: 20318 LE

REPRESENTATIVE OFFICES:
DOHA - QATAR P.O.B. 1758 Tel: 25125 Telex: 4240 DH
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WATER TOWER, Qatar.
One of several completed by Orient Doha in Qatar using new construction techniques.

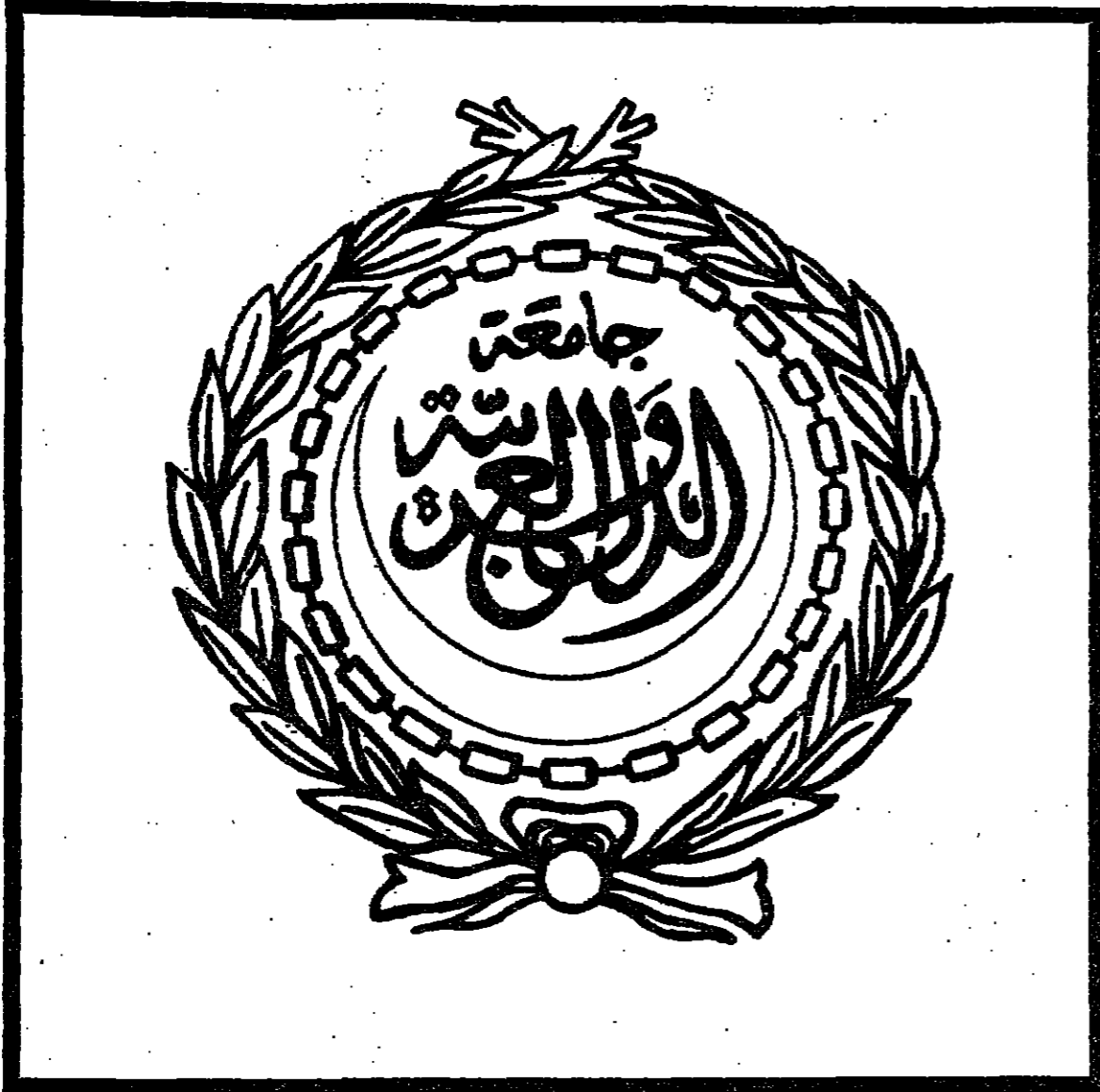


THE LEAGUE OF ARAB STATES
 The League of Arab States...
 The Council of the League of Arab States...
 The Members of the League of Arab States...
 The League of Arab States...
 The League of Arab States...
 In 1957 the Executive Committee of the Council of the League of Arab States...
 common economic...
 Richard Jc

لجنة الجامعة العربية

League

THE ARAB LEAGUE



The Members are: Algeria, Bahrein, Djibouti, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, P.L.O., Qatar, Saudia Arabia, Somalia, Sudan, Syria, Tunisia, United Arab Emirates, Yemen Arab Republic, Yemen People's Democratic Republic.

The League of Arab States is an association designed to strengthen and consolidate the ties which bind all Arab countries and to direct them towards the welfare of the Arab world, to improve its conditions, ensure its future, and realise its hopes and aspirations.

The Council of the Arab League, the Arab League's supreme organ, consists of 22 members, including the Palestine Liberation Organisation and the newest member, Djibouti, which joined the League of Arab States after gaining independence this year.

The Members are: Algeria, Bahrein, Djibouti, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, P.L.O., Qatar, Saudi Arabia, Somalia, Sudan, Syria, Tunisia, United Arab Emirates, Yemen Arab Republic, Yemen People's Democratic Republic.

The League of Arab States has ten permanent committees for political, cultural, economic, social, military, legal affairs, information, health, communications and Arab human rights. The secretariat of the League of Arab States has departments of economic, political, legal, cultural, social and labour affairs, as well as for petroleum, finance, Palestine, health, information, secretariat, communications and protocol.

In 1957 the Economic Council approved a convention for Arab Economic Unity and in 1964 the Council of Arab Economic Unity was set up. The aims of the Council include removal of internal tariffs, establishing common external tariffs, freedom of movement of labour and capital and adoption of common economic policies.

The Charter of Arab Cultural Unity aims to promote the ideals of Arab Cultural Unity, particularly by establishing specialised Institutes propagating Arab ideals and preparing research workers specialising in Arab civilisation. ALESCO, the Arab League Educational, Cultural and Scientific Organisation, held its first session in Cairo in 1970.

The Organisation includes: Arab Regional Literacy Organisation, Institute of Arab Research and Studies, Institute of Arab Manuscripts, Permanent Bureaux for Co-ordination of Arabisation in the Arab World, Museum of Arab Culture, Arab States Industrial Development Centre.

Other specialised Institutions include the Arab States Broadcasting Union, Arab Financial Institution for Economic Development, Arab Postal Union, Arab Telecommunications Union, Arab Labour Organisation, Arab Organisation for Standardisation and Metrology (ASMO), Arab Air Carriers' Organisation (AACO), Arab Cities Organisation, Arab Organisation for Administrative Sciences, Arab Centre for Dry Region and Territories Studies, Arab Fund for Economic and Social Development, Arab Academy for Maritime Transport, Arab Maritime Transport Company.

Special bureaux established include the Office for the Boycott of Israel, and International Arab Organisation for Social Defences. The latter specialises in criminal matters and comprises the International Arab Bureau for Narcotics, The International Arab Bureau for the Prevention of Crime and the International Arab Bureau of Criminal Police.

The League of Arab States asserts its desire for a just peace in the region.

For further information please write to :

Mr. Abu Seif Radi
Head of Information Section
THE ARAB LEAGUE
Tahrir Square
Cairo Egypt

Telephone : 811890 or 811960 Telex AL NASR 28459

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ARAB COOPERATION AND DEVELOPMENT IV

Arab Monetary Fund

Expanding aid effort

THE ARAB Monetary Fund (AMF) is unlikely to be able to consider its first loan applications before the latter part of 1978, but already there are signs that a conflict of interest may develop among the 21 members...

Operational

The AMF managing director, former Iraqi minister of planning Dr. Jawad Hashim, began his job in May, and the fund is just becoming operational. Hashim is determined to make the AMF a major financial institution within a year...

THE MANAGERS of the Arab world's seven big development funds now meet twice a year to spend a week discussing the coordination of their lending programmes. This reflects not only the rapid growth in the number of funds since the 1973/74 oil price explosion...

Supplement

To supplement its resources, the AMF will be able to borrow from its members, from Arab and foreign institutions and in the international markets. The fund is authorised to borrow and issue guarantees on behalf of AMF members up to 200 per cent of its authorised capital of AD250m.

Variety

Next on the list come the wide variety of grants and loans disbursed through the Finance Ministries of the oil surplus states to other Arab (and, in some cases, non-Arab) states. These disbursements are effectively acts of foreign policy, especially those of Saudi Arabia...

Committed

Four other major funds got underway in 1974 and 1975. Saudi Arabia set up the Saudi Fund for Development (SFD) which by early this year claimed to have committed \$1.6bn, but had disbursed less than \$100m.

Capital

A further problem has stemmed from the small size of the Corporation's capital, now some \$68m. due to be paid up over the next five years. On the basis of the rule that it may take on liabilities of up to five times its capital, this rule limits it to insuring risks totalling no more than \$940m.

Commercial

As it was put together by the Kuwait Fund staff and groups of Arab 'experts' the Corporation is essentially a commercial institution: it may insure a casino but not a library established by a philanthropic foundation.

What's the TD Bank doing in the U.A.E. today?

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For example, Toronto Dominion is in Abu Dhabi and Dubai, offering a complete banking service in the Gulf.

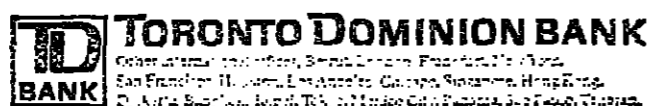
Through skills developed over 120 years, and 948 branches world wide, we've helped structure and seen through such projects as, cement factories, schools, desalination plants, roads, dry docks, shipping and manufacturing.

Our branches may be relatively new in Abu Dhabi and Dubai but if you contact us, you'll find that we have a great deal of experience in the area.

And these are our men on the spot to contact:

Abu Dhabi Branch Manager: William H. Eagle P.O. Box 2664 Abu Dhabi U.A.E. Tel: 4550. Cable: 'TORBADOM' Abu Dhabi. Telex: 2538 A H Tordom.

Dubai Branch Manager: Brian R. Topliss P.O. Box 2294, Dubai U.A.E. Tel: 33340. Cable: 'TORBADOM' Dubai. Telex: 5802 DB.



The bank where people make the difference.

Secure framework for investment

ONE OF THE major roles of the now famous Kuwait Fund for Arab Economic Development, the Kuwaiti equivalent of the World Bank, has been to provide trained staff for other regional investment and aid institutions...

that they would definitely not join, indeed the Somalia had agreed to the scheme in principle, so it was assumed that each of their different reasons had decided that they would derive little benefit from membership. Bahrain is an obviously secure place for investment, while the chances of the other two States receiving, or even welcoming, private investment from other Arab States are remote.

It is therefore not surprising that as of the beginning of June the LAIGC had signed only five contracts. Two of these were for loans from the Kuwait Foreign Trading Contracting and Investment Company to a spinning and weaving factory and a hotel company, both in Sudan. The other three were for equity investments by Kuwaiti private companies in an aluminium works, a carpet factory and an hotel, all in Egypt. It was expected at the time that four or five further contracts would be signed up during the later summer and early autumn, all involving Kuwaiti institutions or individuals investing in Egypt or Sudan.

The risks that the Corporation will underwrite are nationalisation and related threats such as the cancellation of debts; damage caused by war, civil disturbances and coups d'état; and losses incurred through restrictions on the repatriation of profits—provided that the restrictions are imposed after the investor has committed his capital. If it wishes, the Corporation may refuse to insure investments in high-risk states—a problem which is now much less severe than it was when the Corporation was proposed in 1966—but it may not charge an investor a higher premium purely on the basis of the political system of the recipient country.

Unfortunately the Corporation has not so far been very successful—though this has in no sense been the fault of its own management. For the first two years of its existence it suffered from the fact that Saudi Arabia did not become a shareholder (thus depriving the Corporation of one of its two major sources of investors), presumably on the grounds that Islamic doctrine as an attempt to defy the will of God and is therefore prohibited. When the Saudis finally joined in June this year, only Bahrain, Southern Yemen and Somalia remained non-members. None of these States had actually said

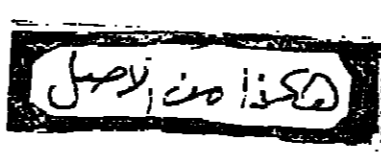
prevented it from employing sufficient numbers of good staff. Supplementing all of these difficulties has been the discovery that private Arab investors are not accustomed to the idea of insurance, and that quite apart from any residual religious considerations, they have shied away from considering insurance as if they cannot face being reminded of the very thought of the non-commercial risks involved in overseas investment.

Commercial As it was put together by the Kuwait Fund staff and groups of Arab 'experts' the Corporation is essentially a commercial institution: it may insure a casino but not a library established by a philanthropic foundation. The assets it will insure fall into three categories: loans, equity investments and investments made by contractors as part of their work in carrying out their contracts. Both the recipient country and the country of origin must be shareholders in the Corporation, although earlier this year it was

decided that investments by joint Arab-foreign banks and other financial institutions based outside the Arab world should be eligible for insurance. Customers may be private citizens, private and public companies, state corporations or governments—though in practice it has never been envisaged that "strong" parties such as governments will need to use the Corporation because they are able to retaliate against nationalisation and moratoria on debts in recipient countries by cutting off the flow of new aid loans.

The disappointing performance of the LAIGC to date in no sense detracts from the Corporation's long term potential and importance. Private sector inter-Arab investments of the type which the Corporation hopes to encourage count eventually prove to be as important in helping the development of the deficit states as the much bigger and more conspicuous sums now being given by government agencies as aid loans. In part this is because they help spread the administrative manpower burden away from the hard-pressed state institutions of the oil producers and in part it is because if they prove to be successful in any country, their potential snowball effect is enormous.

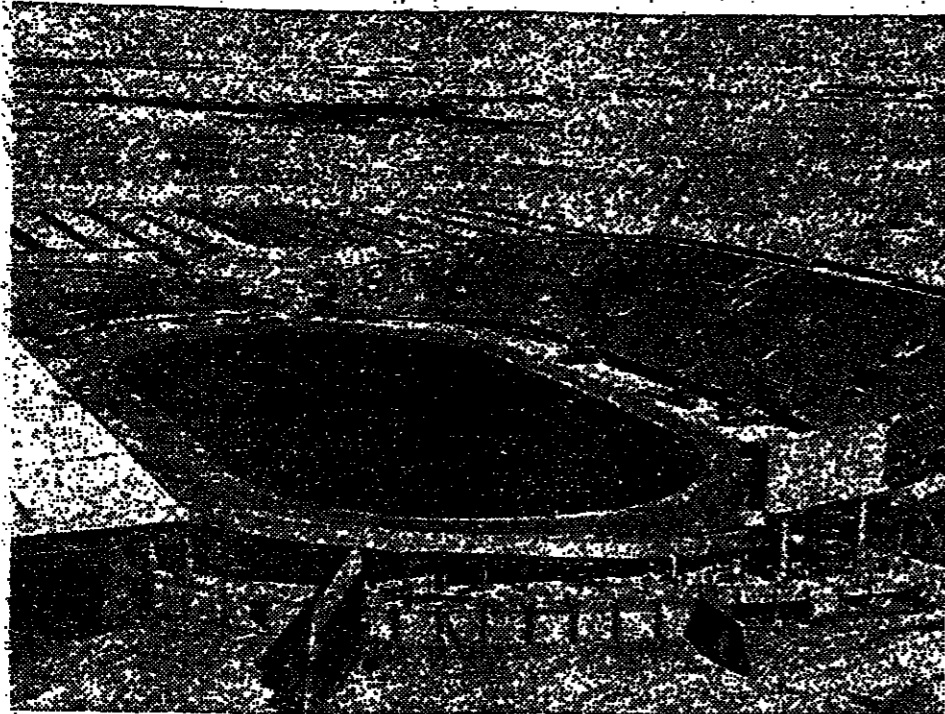
Michael Field



مكتبات الصحف



QATAR



ABOVE: Doha's Khalifa Stadium, scene of the Fourth Gulf Football Tournament, can hold 40,000 spectators—all seated.



BELOW: The berth capacity of Doha's man-made deep water port has been extended from four to eight at a cost of QR 86m.

Co-operation and aid

Qatar's provisional Constitution unequivocally declares that foreign policy will aim at "strengthening the friendship with all Islamic states and peoples"; and the State's membership of the Arab League has been equally firmly underwritten by HH the Emir's pledge of "full support for the supreme targets at which its charter aims."

It follows that Qatari participation in joint Arab projects and institutions, on and beyond the Gulf, is widespread and dynamic. For instance, Doha—Qatar's capital—has a Regional Training Centre, a prolific source of craft and clerical manpower, that is open to other Gulf nationals. Doha also houses the headquarters of a Food and Agricultural Organisation (FAO) pan-Gulf fisheries survey. Here also Gulf postal and aviation authorities have conferred—Qatar is a member of the Gulf Aviation Council. And last year the capital's vast elliptical Khalifa Stadium staged the 18-day football extravaganza of the Fourth Gulf Tournament (won by Kuwait after a 4-2 play-off with Iraq) which crammed the capital with 20,000 visitors and won Arab World television audiences of up to 10,000,000.

Beyond the Gulf, Qatari participation in pan-Arab co-operation projects, mostly at agreement level, has involved such diverse activities as air/sea rescue, tourism (the State is a member of the Arab Union of Tourism), studies of dry and arid areas, allocation of radio broadcasting frequencies, and control of radio-active isotopes.

The State's pan-Arab affiliations are particularly evident in educational affairs—as long ago as 1964 its delegates helped to draft the constitution of the Arab League Educational, Cultural and Scientific Organisation (ALESCO). More recent associations include founder-membership of the Supreme Council of Higher Education formed by the education ministers of the Arab Gulf states in Mecca in April 1977, the Riyadh-based Gulf Bureau of Education, and the Kuwait-based Gulf Educational Research Centre—all primarily concerned with the formulation and co-ordination of complementary higher education programmes.

A powerful factor in Qatari external policy is membership with Egypt, Saudi Arabia, Kuwait and the United Arab Emirates in the Arab Military Industries Organisation (AMIO), which has the general objective of reducing the dependence of their defence forces on non-Arab sources of supply.

TRANSPORTATION

Transportation is another important field of co-operation. Qatar is an equal partner with Bahrain, Abu Dhabi and Oman in Gulf Air—which operates international routes (mainly with extended-range TriStars) as well as an Arab World network—and also with Iraq, Kuwait, Saudi Arabia and the United Arab Emirates (19.3 per cent each), and Bahrain (3.5 per cent), in the United Arab Shipping Co., launched in March this year to run freight services between Gulf ports and Europe, Japan and the United States.

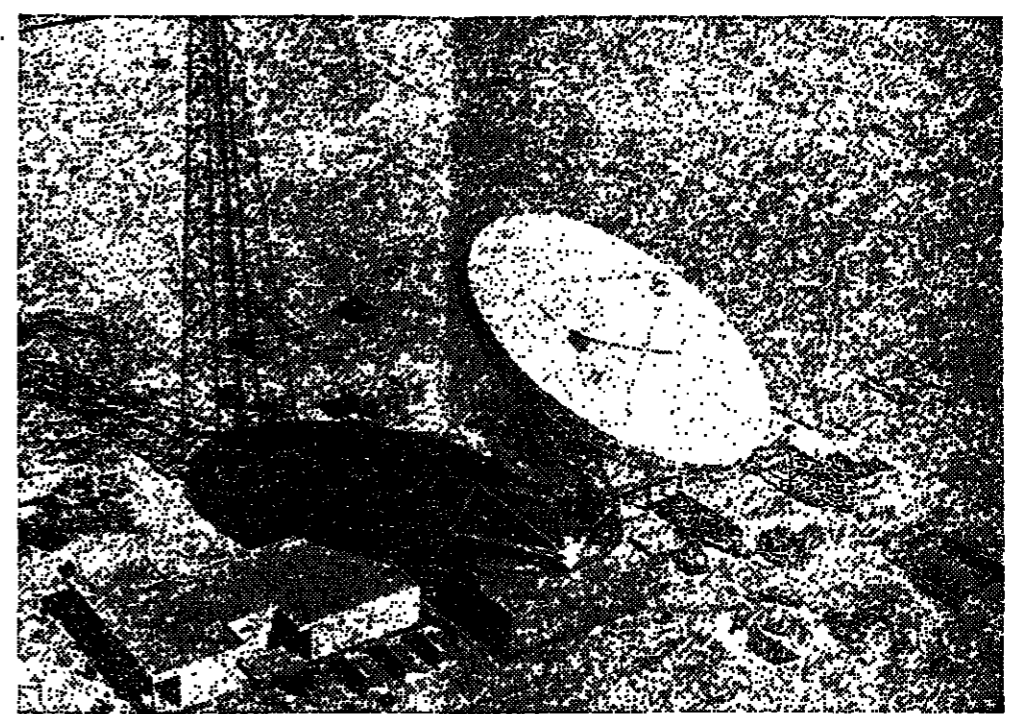
In addition, the State is a member of the Gulf Ports Federation. Qatar has been a member of the Organisation of Arab Petroleum Exporting Countries (OAPEC) since June 1970 and is—through the Qatar General Petroleum Corporation (QGPC)—a shareholder in two major affiliates: Arab Shipbuilding and Repair Yard (16 per cent) and Arab Maritime Petroleum Transport (13.57 per cent).

In recent years the State has concluded agreements with Tunisia (cultural, technical and health), Morocco (cultural and technical), Egypt (cultural and health), Saudi Arabia (economic) and Somalia (economic and commercial).

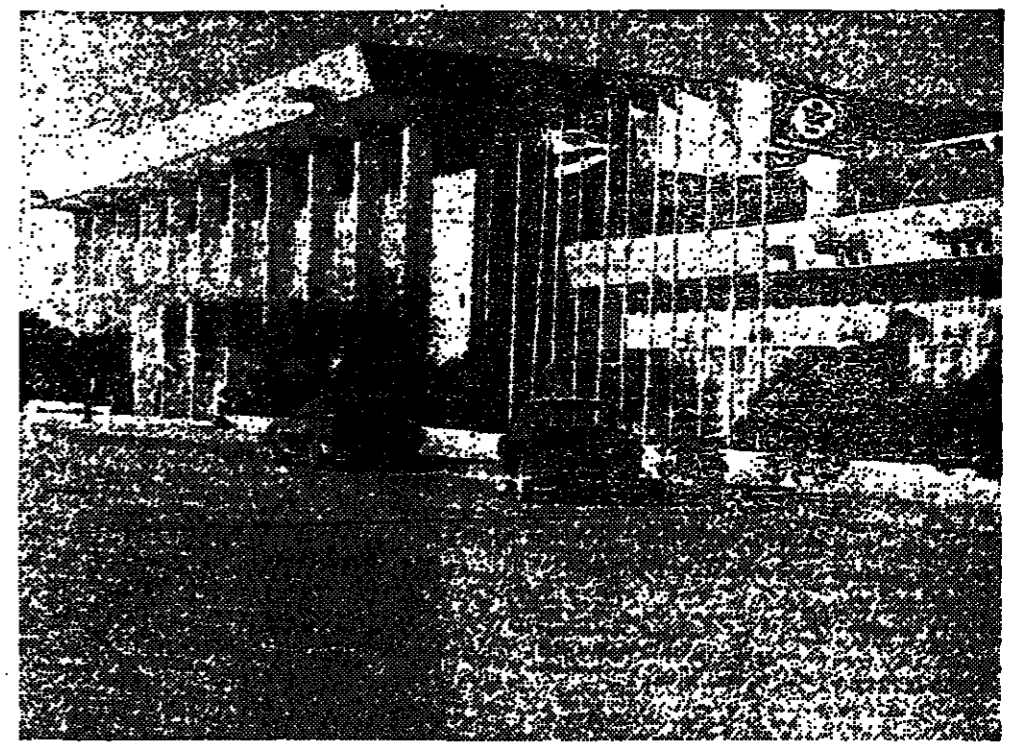
Official Qatari reticence concerning specific aid activities is far more a matter of traditional good manners than of external policy and, in practice, only those subject to international or pan-Arab accountability are disclosed—although in general terms HH the Emir has revealed that Qatari assistance to "developing nations" amounted to 12 per cent of the national income in 1974, 20 per cent in 1975 and 15 per cent last year.

It has also been officially stated that the principal institutions of Qatari participation include the Arab Fund for Economic and Social Development (SUS14m.), the Arab Monetary Fund (Arab Dinars 10m.), the Arab Bank for Economic Development in Africa (SUS60m.), the Arab Fund for Technical Aid to Arab and African Countries (SUS450,000), the Arab Loan Fund for Africa (SUS10m.), the Gulf Organisation for Development in Egypt (SUS200m.), the Islamic Development Bank (SUS12m.) and the Arab Institute for Investment in Agricultural Development (Kuwaiti Dinars 7.5m.).

The first four institutions named above operate under Arab League auspices. In addition, Qatar is associated with no fewer than 20 others similarly based. These include the Arab Academy for Maritime Transport, the Arab Economic Unity Council, the Arab Labour Office, the Arab Labour Organisation, the Arab Narcotics Bureau, and the Arab States Civil Aviation Council.



ABOVE: The State's earth station, beamed on the Indian Ocean satellite, now provides a London to Doha direct telephone dialling facility.



BELOW: Doha International Airport is being expanded as preliminary work for its replacement proceeds under a joint allocation of QR 46m.

Development

The purpose of this report is to up-date the information provided in this newspaper on March 9 this year; thus titles are retained in the same running-order and the locally additive.

On 31 this year HH the administrative control of on-shore and off-shore crude recovery and exploration following the State's acquisition, by agreement, of residual equities held by the shareholders of the Qatar Petroleum Co. Ltd. and the Shell Co. of Qatar Ltd. It is a wholly-owned subsidiary of the Qatar General Petroleum Corporation (QGPC), established two years earlier with overall responsibility for the entire range of the State's oil and natural gas interests.

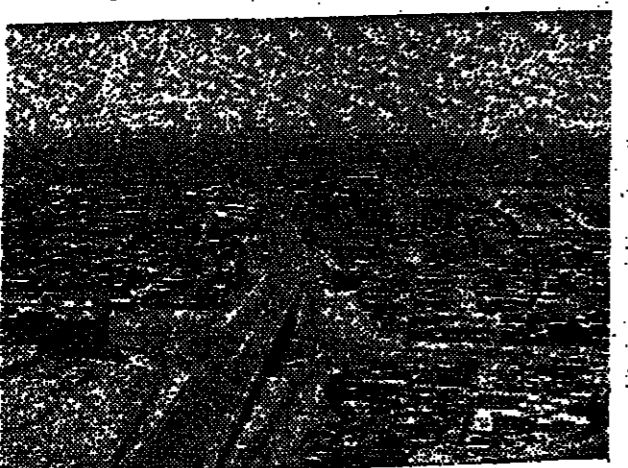
Exports of on-shore and off-shore crude totalled 23,140m. long tons in 1976, compared with 20,358m. LT in 1975 and 24,247m. LT in 1974. Shipments from the Umm Said (on-shore) and Halul (off-shore) terminals totalled 11,000m. LT and 12,140m. LT respectively.

TELECOM: The Qatar National Bank SAQ, whose wholly-owned Qatar ownership reflects local commercial and industrial conditions, has since reported a 1976 net profit increase by 15 per cent to QR30,486m. and payment of a dividend of 20 per cent (QR5,600m.) as against 15 per cent (QR4,200m.) in 1975. The bank's statutory and financial reserves rose in the 12 months by 41 per cent from QR34,725m. to QR19,623m. Its total assets by 89 per cent from QR1,101m. QR1,874m., and the value of its equity by 31 per cent from

Qatar Riyal (QR) is divided into 100 Dirhams by the Qatar Monetary Agency.

aligned to the Special Drawing Right (SDR) of International Monetary Fund (IMF) and its exchange against the £ Sterling is approximately £1 - QR 6.65.

er speeds traffic into the capital from the industrial Umm Said area.



In December last year the State hosted the forty-eighth ministerial conference of the Organisation of Petroleum Exporting Countries (OPEC) and its Minister of Finance and Petroleum, HE Sheikh Abdulaziz bin Khalifa al-Thani, acted as chairman upon his election as OPEC's President for 1977.

GAS: Work continues on the Qatar Gas Co. (QGC) plant (NGL-2) for the extraction and processing of associated gas from the Idd al-Sharqi off-shore oil-field. Completion is now scheduled for mid-1979 with a designed first phase daily output of 1,100 tons of propane, 900 tons of butane and 600 tons of natural benzene. Ultimate expenditure is estimated at QR1,000m.

Plans for a second NGL-2 production line, to process on-shore associated gas, are in hand.

Test drilling of the high-potential seabed unassociated gasfield in the north-west section of the former Shell Qatar concession area continues—as do feasibility studies concerning extraction, processing and marketing as methane and ethane. A decision on an exploitation project, based on expenditure equivalent to SUS2,000m., is probable next year.

INDUSTRY: It was officially announced in July this year that the Qatar Steel Co. (QASC) plant would open in February 1978 and that the Qatar Petrochemicals Co. (QAPC) complex would also go on stream next year; the State's holdings are 70 per cent and 80 per cent respectively. QASC's principal product will be round steel bar. QAPC will extract ethylene from locally-processed associated gas to produce polyethylene.

Expansion operations at the Qatar Fertiliser Co. (QAFCO) and Qatar National Cement Co. installations are now well advanced. QAFCO's objective is to double output of high nitrogen content urea and hydrous liquid ammonia at daily rates of 1,800 and 2,000 tons respectively at a cost of QR1,000m. Qatar National Cement's QR300m. programme includes installation of a fourth kiln.



THE EMIR OF QATAR

HH Sheikh Khalifa bin Hamad al-Thani.

The Industrial Development Technical Centre (IDTC), the State's co-ordination and advisory arm in diversification affairs, is considering the results of feasibility studies covering a wide variety of light industrial activities, notably production of plastic products and building materials.

EDUCATION: In June this year the first group of 117 students, 79 of them women, graduated with BA and BSc degrees from Doha's Faculty of Education, established (in the words of HH the Emir) to serve as "the first step towards the envisaged Qatar University which, by God's will, we shall make available to all citizens of the Gulf region." Registrations for the 1977-78 academic year number 767 (516 women) and

The National Budget allocation has been increased from QR34,383m. to QR35,117m. First phase work on the university itself has commenced; completion is programmed over six years at an estimated cost of QR740m.

The overall student population now totals 32,400, with girls accounting for 17.3 per cent at the primary, preparatory and secondary stages. Fifty-three of 1,853 higher education students are attending overseas universities.

PUBLIC HEALTH: Construction of Doha's new 600-bed general acute hospital, with main accommodation comprising two six-storey ward blocks, is nearing completion. An integrated system of six purpose-built health centres is

being introduced with the aim of de-centralising the State's completely free existing services by encouraging reliance on preventive support units.

SOCIAL SERVICES: The 1977 National Budget allocated QR80m. for the construction of 600 additional "popular" housing units for low-income families and another QR200m. for interest-free building loans.

POWER/WATER: In April this year HH the Emir opened the first phase installations of the gas-fuelled power/distillation complex at Ras Abu Aboud, 15kms south of Doha. Current capacity is 100 MW of electricity and 10m. gallons of water daily. Second phase work, now proceeding, will add 200 MW and 20m. gal. Completion remains scheduled for 1979 with an ultimate capacity of 500 MW and 50m. gal.

AGRICULTURE: The Government is taking steps to check depletion of natural underground sources of irrigation water, as revealed by a two-year hydro-agricultural survey, and thus facilitate additional agricultural development. It has ruled that well supply to industrial and domestic consumers should cease as soon as possible (as distinct from sea water distillation distribution) and that schemes to recharge the underground aquifers with water produced by distillation should be subjected to feasibility studies.

FINANCE: The March 1977 report in this newspaper mentioned that the National Budget for that year provided QR300m. for major development projects, representing an increase of QR1,918m. (44 per cent) over relative expenditure in 1976.

The Qatar National Bank SAQ, whose wholly-owned Qatar ownership reflects local commercial and industrial conditions, has since reported a 1976 net profit increase by 15 per cent to QR30,486m. and payment of a dividend of 20 per cent (QR5,600m.) as against 15 per cent (QR4,200m.) in 1975. The bank's statutory and financial reserves rose in the 12 months by 41 per cent from QR34,725m. to QR19,623m. Its total assets by 89 per cent from QR1,101m. QR1,874m., and the value of its equity by 31 per cent from

QR112,818m. to QR147,704m.

COMMERCE: The value of the State's 1976 imports rose by 106 per cent in comparison with 1975—from QR1,610m. to QR3,300m. Japan and Britain shared 44.85 per cent of the overall market—with sales worth QR333,697m. (28.29 per cent) and QR547,586m. (16.39 per cent) respectively. Other major non-Arab suppliers were the United States (QR257,507m., 7.82 per cent) and West Germany (QR252,100m., 7.65 per cent).

The State's exports of ammonia and urea fertiliser products totalled QR122.2m. in value last year.

BROADCASTING: Work has begun at al-Khaisah, near Doha, on a radio transmitting complex to house a total of eight broadcasting equipments: two 50 kW medium frequency, one 100 kW mf, two 1 kW mf, one 100 kW high frequency, one 250 kW hf, and one 10 kW mf.

The northern (al-Arish) 750 kW mf transmitting station, intended to cover the whole of the Middle East and parts of North Africa and Europe, is expected to become operational later this year.

AVIATION: The 1977 National Budget provided QR46m. for the expansion of the existing Doha International Airport and preliminary activities associated with

the Government's continued interest in its replacement. Scheduled aircraft movements through Doha totalled 7,540 last year compared with 6,901 in 1975—an increase of 9 per cent.

Passenger arrivals and departures, rose by 27 per cent over the same period.

SHIPPING: A QR86m. project to extend the berth capacity of Doha's man-made deep water port from four to eight was completed in June this year.

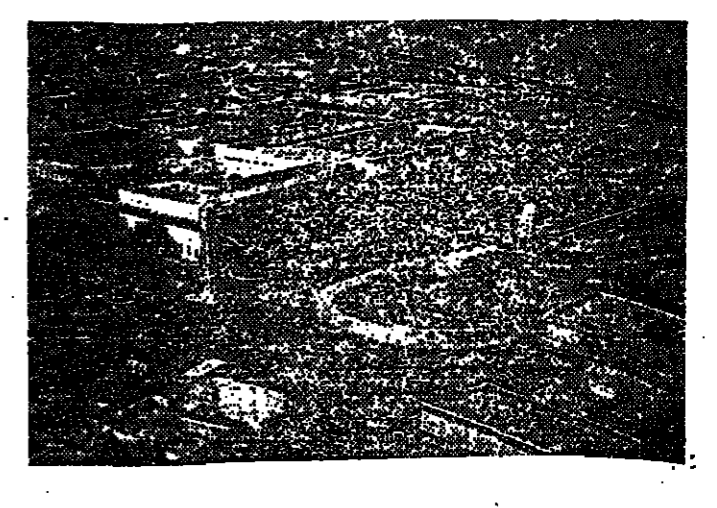
Nearly 600 vessels (including 210 from Britain and Europe) off-loaded 1,288m. freight tons of general cargo last year—plus over 140,000 head of livestock.

TELECOMMUNICATIONS: The capacity of Doha's fully-automatic telex exchange is to be increased from 720 lines (accepting 75,000 outgoing minutes monthly) to 960 lines.

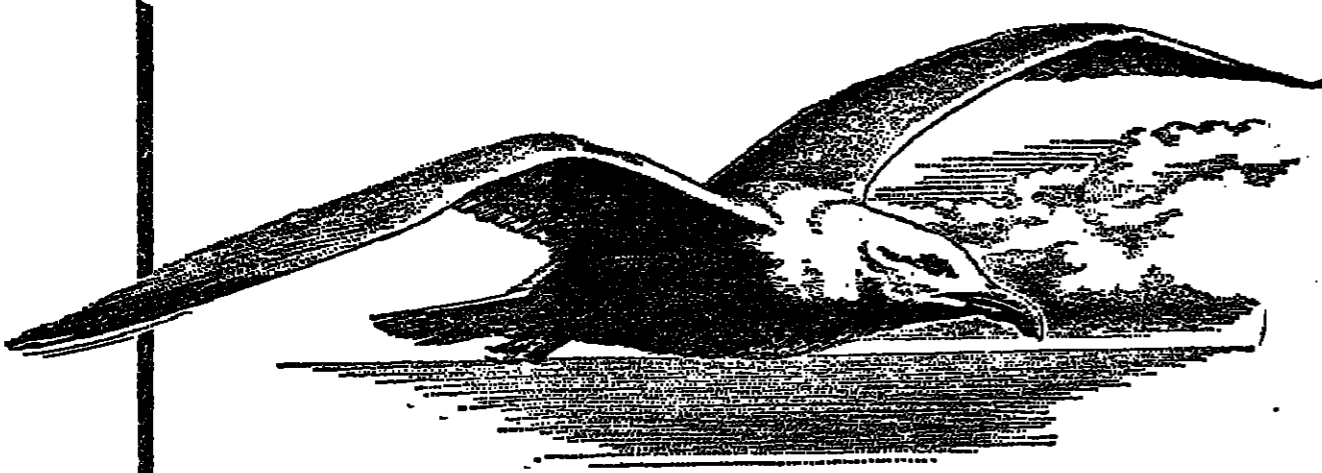
Direct telephone dialling between London and Doha was introduced in June (international code: 010 974) and other external telephone destinations now available through the State's earth satellite station include (in addition to Arab countries) France, India, Iran, Italy and Pakistan. External telephone time exceeds 500,000 minutes daily.

The 1977 National Budget allocated QR16m. for the expansion of the domestic telephone system to 29,400 lines.

Doha Palace, on the capital's waterfront, houses the Office of HH the Emir.



"Speed Bonnie Boat Like a Bird On the Wing..."



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FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

Survey of the NETHERLANDS

to be published on Tuesday November 15 1977

The Financial Times is preparing to publish a survey on the Netherlands in its edition of November 15 1977. The main headings of the proposed editorial synopsis are set out below.

INTRODUCTION: The Netherlands is one of the most advanced societies in Europe but still has its social problems; and the new Government will have to set about resolving them while at the same time seeking to improve the business climate.

POLITICS: An examination of the political situation following the May election, which produced a surprisingly large victory for the Labour Party of Mr. Joop den Uyl, the Prime Minister.

THE ECONOMY: The economy is still strong, but recovery has been slow and unemployment is again rising. The Government is trying to curb the growth of public expenditure against a background of continuing anxiety over corporate profitability.

EUROPEAN POLICY: Most Dutch people still see the best hope for the future in closer integration with neighbouring countries; support remains strong for economic, monetary and political union with the EEC.

THIRD WORLD: The Netherlands is among the few western countries which have exceeded the United Nations target of 0.7 per cent of GNP for official aid.

IMMIGRANTS: The successful absorption of Indonesian immigrants gave the Netherlands a good image abroad, but the more recent arrival of many Surinamese, the recent dramatic events involving South Moluccan terrorists, and now the permanent group of foreign 'guest workers', have caused social strains.

ENERGY: The Netherlands is a net energy exporter but the position will be reversed within the next five years as depletion of the Slochteren natural gas field continues.

BANKING AND INSURANCE: In both sectors the process of internationalisation of activities has been a top priority, not least because of the relatively limited domestic market.

CAPITAL MARKETS: The stock market, and the money and capital markets have been improving after a bad period, particularly during last summer when the guilder was under pressure.

INDUSTRY
Shipbuilding and Offshore: Both sectors are due to be rationalised with State support because of the low level of orders.

Steel: Short-time working continues, but the outlook is regarded as promising.

Cars: Volvo has taken over DAF but is still having difficulty making it profitable; assembly by Ford is operating successfully.

Construction: The domestic sector is short of orders but Dutch companies have won some major orders abroad.

Aerospace: Hopes are pinned on participating in European projects; the industry has proposed plans for a new medium-haul airliner.

Oil and Chemicals: This sector is doing better than most of the rest of Dutch industry; sizeable investments are planned.

Engineering: The industry is suffering from high labour costs and is in the process of reorganisation.

Textiles: Like most European textile industries the industry suffers from cheap imports and faces restructuring.

Dairy Farming: The industry has a stable base and is concentrating on exports, particularly to the Middle East.

THE MULTINATIONALS: The Netherlands-based multinational's continue to flourish despite mounting domestic criticism of their activities.

TRANSPORT: The transport sector has grown very rapidly in the past decade, but the impact of reduced world trade is leading to reorganisation.

AGRICULTURE: An examination of the state of Dutch agriculture regarded as being in an enviable position compared with the industry's experience in several other European countries; Dutch efforts to increase exports.

REGIONAL DEVELOPMENT: Efforts to industrialise the areas outside the congested west of the country are concentrated mainly on the North (Groningen Province) and the South (Limburg). These efforts have met with mixed success.

WELFARE STATE: Social expenditure has scarcely been affected by the economic downturn; but the burden may gradually become too heavy for the economy.

LABOUR: Traditionally very good, labour relations in the Netherlands have been under strain in the past few years. The unions want far-reaching social reforms in exchange for wage restraint.

TOURISM: The flow of tourists has started to increase again but the country is not attracting the number it would like.

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ARAB COOPERATION AND DEVELOPMENT VI

Inter-regional investment

IN THE four years since the oil revenues explosion began there has been a great surge of interest in intra-regional investment in the Arab world—the channelling of surpluses from the oil producers to the deficit states not just as aid but as strictly commercial investment. The most visible evidence of this has been the spate of regional (or in one or two cases partly regional) investment companies that have been established.

The first companies to be established, shortly before the oil crisis or during it, were the Sudan-Kuwait Investment Company, the Saudi-Syrian Investment Company (sponsored by the regionally orientated Kuwait Foreign Trading and Investment Company), the Afro-Arab Company for Investment and International Trade (also sponsored by KFTCIC) and the Arab Investment Company, owned by most of the Arab governments and based in Riyadh. More recently these companies together with various other parties have spawned such institutions as the Arab Livestock Development Company based in Damascus, the Arab Industrial and Metallurgical Company headquartered in Mauritania for the initial purpose of investing in copper and steel smelting, the Arab Mining Company, which is headquartered in Amman and will be making its first investment in a Jordanian potash project, the Arab Petroleum Investment Company, the Egypt-Kuwait Investment Company, the Sudan-UAE Investment Company, the Jordan-Kuwait Bank and the Jordan-Gulf Bank, various specialist investment companies spawned by the Sudan-Kuwait Investment Company, and the part regionally orientated Sharjah Group.

Other signs of the new investment trend have been the liberalisation measures, including the establishment of free zones, adopted by the deficit Arab states, and the way in which private investors, especially in Kuwait, have been forming small companies or partnerships to manage their investments rather than holding them as personal property as they did in the past. This latter development, which is more conspicuous still with internal Kuwaiti investment operations, should help ensure that in future the investors' businesses receive more attention and better management. It is also noticeable that in some of their investments in the West, Arabs have been putting money into companies such as Lonrho which will complement or help expand their regional business operations.

The commitments implied in the formation of the joint investment companies mentioned above. By far the biggest commitments have been made by the Kuwait Finance Ministry, the Ministry responsible for the investment of the state's long term reserve, through KFTCIC and the Kuwait Real Estate Consortium. KFTCIC had assets at the end of 1976 worth rather over \$350m., but its investments on behalf of clients (mainly the Government) must have been very much bigger. At the end of 1975 they came to some \$750m. and the figure would have grown in 1976. These funds were invested in industrial, mining and agricultural projects—the best known of which is the Sumed pipeline—either directly by KFTCIC or by its subsidiaries. (Although a lot of the work of the subsidiaries involves Finance Ministry money, KFTCIC's offshoots are relatively independent as far as their own on-balance sheet operations are concerned. They may borrow money from whatever source they like over and above the funds they are lent or have invested in them as capital by their parent.)

The Kuwait Real Estate Consortium is even more closely tied to the Finance Ministry than KFTCIC—in fact it was the Finance Ministry which sponsored its creation in conjunction with all the major Kuwaiti real estate and investment companies in 1975. To date the Consortium's activity on behalf of the government, which has earmarked \$1bn. for it to manage, has involved mainly the negotiation of agreements with other Arab governments, specifying the amounts which are to be invested in each country. Agreements already signed or being negotiated at present involve \$400m. for Egypt, \$200m. for Syria, \$70m. for Tunisia, \$100m. for Jordan (although there have been problems with the negotiations in this case), \$110m. for Sudan, and \$50m. joint real estate development companies in Morocco and Yemen. It is now the responsibility of the offices which the Consortium is establishing in each recipient's capital to identify suitable projects.

The other oil producing governments, while subscribing to the capital of the new joint investment companies, have been far less active than the Kuwaitis. In Abu Dhabi a regional department has been established in the state's new Abu Dhabi Investment Authority (which will be fulfilling the same investment role as the Kuwait Finance Ministry). The Authority is still new—what assets the regional department has under its control (including Abu Dhabi's share in Sumed) is inherited from the Finance Department and the old Investment Board—and this means that so far Abu Dhabi government regional investments have been made on an ad hoc basis. The Abu Dhabi Fund for Arab Economic Development, which unlike the other aid funds in the Arab world is allowed by its charter to make equity investments, has already been built up.

On a government-to-government or quasi-state institution to government level the encouraging outward signs have been accompanied by a certain amount of actual investment and a great many more investment commitments, in addition to the commitments implied in the formation of the joint investment companies mentioned above.

Underlying the whole regional investment movement has been not only the greater surpluses of the oil producers, but also the greater feeling of confidence and unity in the Arab world, the hostile Western reaction to Arab investment, and the fact that through the operations of KFTCIC (which was established in 1965 and is 80 per cent state owned) a certain amount of experience of intra-regional investment had already been built up.

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Differing trade requirements

trade has always been when compared with the rest of the League has made comprehensive activities of more than 100 countries. In the early years of the League, the Arab League has made comprehensive activities of more than 100 countries. In the early years of the League, the Arab League has made comprehensive activities of more than 100 countries.

frontiers hardened under the impact of nationalism into political frontiers. These, in turn, were protected by tariff barriers, and political rivalries encouraged. For example, many countries began to concentrate wastefully on their own programmes of developing import-substitution instead of co-ordinating the production of such goods. Furthermore the Arab countries' economic requirements differ enormously. Some possess mineral or agricultural resources, others little of either. In addition some have pressing population problems while others suffer from manpower shortages. Above all, until recently, the inadequate level of regional transport and communications hampered the development of internal and regional markets. When the crucial point is added that all Arab countries have been in the process of developing their economies, it is inevitable that regional trade should have been of considerably less importance than trade with the world outside.

Barriers

Inevitably, the ACM has fallen far short of its hopes of breaking down tariff barriers and opening the way to a free market. In theory, free trade exists among the original four members (the newcomers have asked for an initial 50 per cent reduction on import tariffs and some restrictions to protect infant industries), but Dr. Sakban admitted in an interview that there are both import and monetary restrictions by members acting protectively. Furthermore, the ACM lacks the jurisdiction to prevent members States from passing legislation which infringes market rules.

Last April, the AECU presented a paper at a joint seminar with FAO in Cairo entitled "Economic Integration Organs in the Arab World and the Role of the Council of the Islamic Arab Economic Unity." In it, the AECU acknowledges that the ACM agreement "had been so ambitious that it ignored the real economic status of member countries," and one by-product was that member States with exportable surpluses exported these outside the ACM "on the pretext that the proceeds... are in foreign exchange." It added: "Although the quantitative and administrative restrictions had been abolished on trade among Market countries, still there is a fact that cannot be overlooked, namely, the trade sector in three of the member countries has become a part of the public sector. This necessitated adopting restrictive policies as far as the

volume, structure and tendencies of trade are concerned. The difference in cost structures has pushed some countries to impose administrative restrictions with a view to protecting their industries. The different Customs duties and taxes imposed on imported raw materials and intermediary goods had been one of the factors among Market countries. This state in its turn had led Market countries to adopt protective measures contrary to Market resolutions.

It adds, that countries which had not yet signed the Market resolution had been motivated by two reasons: fear of decreasing customs revenues and of harm which could be done to budding industries. Nevertheless, during the ten years of ACM's existence the volume of trade has risen by 294 per cent.

A reasonably precise assessment can be made of the volume of inter-Arab trade as a whole (and amongst ACM members) thanks to a statistical bulletin put out by the AECU comparing trade performance of all the Arab countries in 1970 and 1973. (The value of trade is harder to pinpoint because all figures are based on converting the trade returns of individual Arab countries into Arab dinars, whose exchange rate fluctuated over the years both against individual currencies and the U.S. dollar.)

In general terms, 6.3 per cent of Arab exports went in both 1970 and 1973 to other Arab states and the ACM's share fell during this period from 2.3 per cent to 2 per cent. (The ACM statistics deal only with Egypt, Iraq, Syria and Jordan.) On imports, trade within the Arab world fell from 10.2 per cent in 1970 to 6.8 per cent in 1973. The share of the ACM fell over the same period from 3.5 to 2.3 per cent. Trade within the Arab export market has been most active in the sectors dealing with leather manufactures, textile yarns, fabrics, and made up articles.

In 1973, 43 per cent of ex-



Dubai's Creek is still a significant centre for transhipment to traditional coastal craft, and complements the State's impressive modern port facilities.

ports went to the Arab world ports is smaller. In the sector (10.1 per cent within the of hides and skins, textile fibres, ACM), compared with 32.3 per crude fertilisers, and minerals cent in 1970 (8.2 per cent to (excluding petroleum and its the ACM). This was followed by products) 15.7 per cent went to agricultural products. Here, the Arab world (of which the 32.8 per cent went to the Arab ACM countries took 6.8 per world (9.1 per cent to the cent.) compared with 18.3 per ACM) in 1973, while in 1970 a mere 3 per cent. Where had gone to the Arab world, of the sector involving clothing, which the ACM had taken 13.8 footwear and furniture is con- per cent. concerned; 15.7 per cent; went to

The third sector in which the Arab world (of which 6.8 there is a sizeable proportion of per cent to the ACM) in 1973, inter-Arab export trade com- compared with 18.3 and 3 per cents, clothing, footwear, fur- niture. In 1973, 26.7 per cent. Thirdly, in the agricultural sec- of exports went to the Arab tor, the Arab world took 11.6 world (of which 2.1 per cent. ACM countries), whereas in in 1973 compared with 20.3 per cent. in 1970 (5.6 per cent to ACM). The overall picture as reflected by the 1970 and 1973 figures is that Arab world trade is on a low level and confined to unsophisticated industrial

Imports The areas in which inter-Arab produce and agricultural pro- ducts. trade is mainly involved in im-

However, at an ACM meeting in Cairo last April, an optimistic view was put forward by the four members who maintained that through proper trade regulations they could increase their trade enough to become self-sufficient, at the first stage, in agricultural products and then, at a second stage, in such industrial goods as cement, fertilisers, paper and industrial products. But the AECU as a whole takes a broader and more sober view. It argues that inter-Arab trade cannot expand on its own but relies on the increase in inter-governmental planning to prevent duplication of projects and programmes.

The Arab League and the AECU have also made a major attack on this problem by encouraging over the years the establishment and operations of specialised economic agencies dealing with a wide range of economic activities. The AECU has under its aegis for example Arab companies dealing with mining, animal wealth, pharmaceuticals, food production, industrial investment. Others are being planned for tourism, trade and transport.

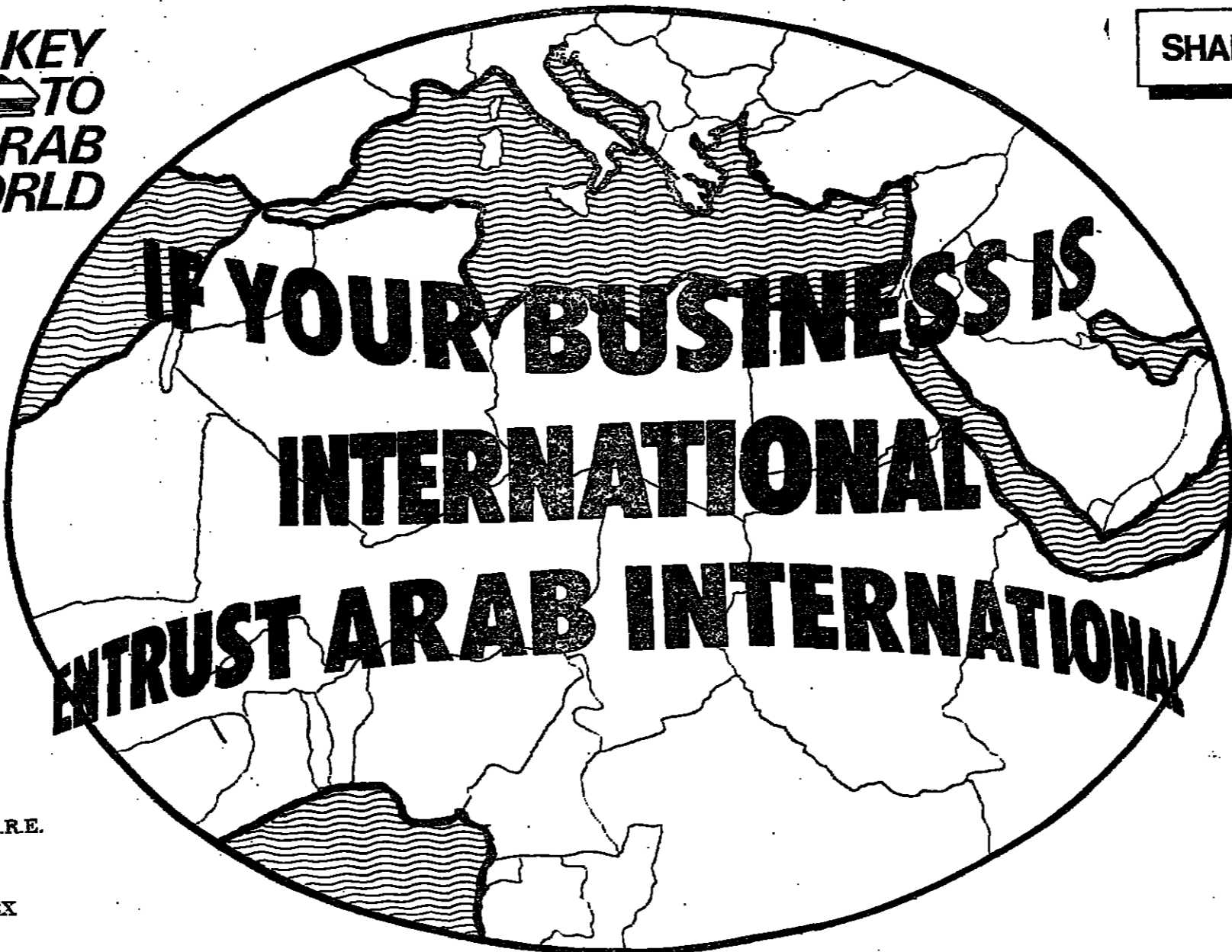
The AECU has published a list of no less than 127 pan-Arab and bilateral organisation (of which two-thirds were set up in 1973 and after) including banks and finance groups, investment companies, production, and service companies and industrial and service federations. Out of this may eventually emerge a sense of economic community which could be controlled and co-ordinated by the Arab League. But as long as this remains a region of essentially developing countries with long term economic ties to the West, the chances of a marked increase in inter-Arab trade remains distant.

A. McD.

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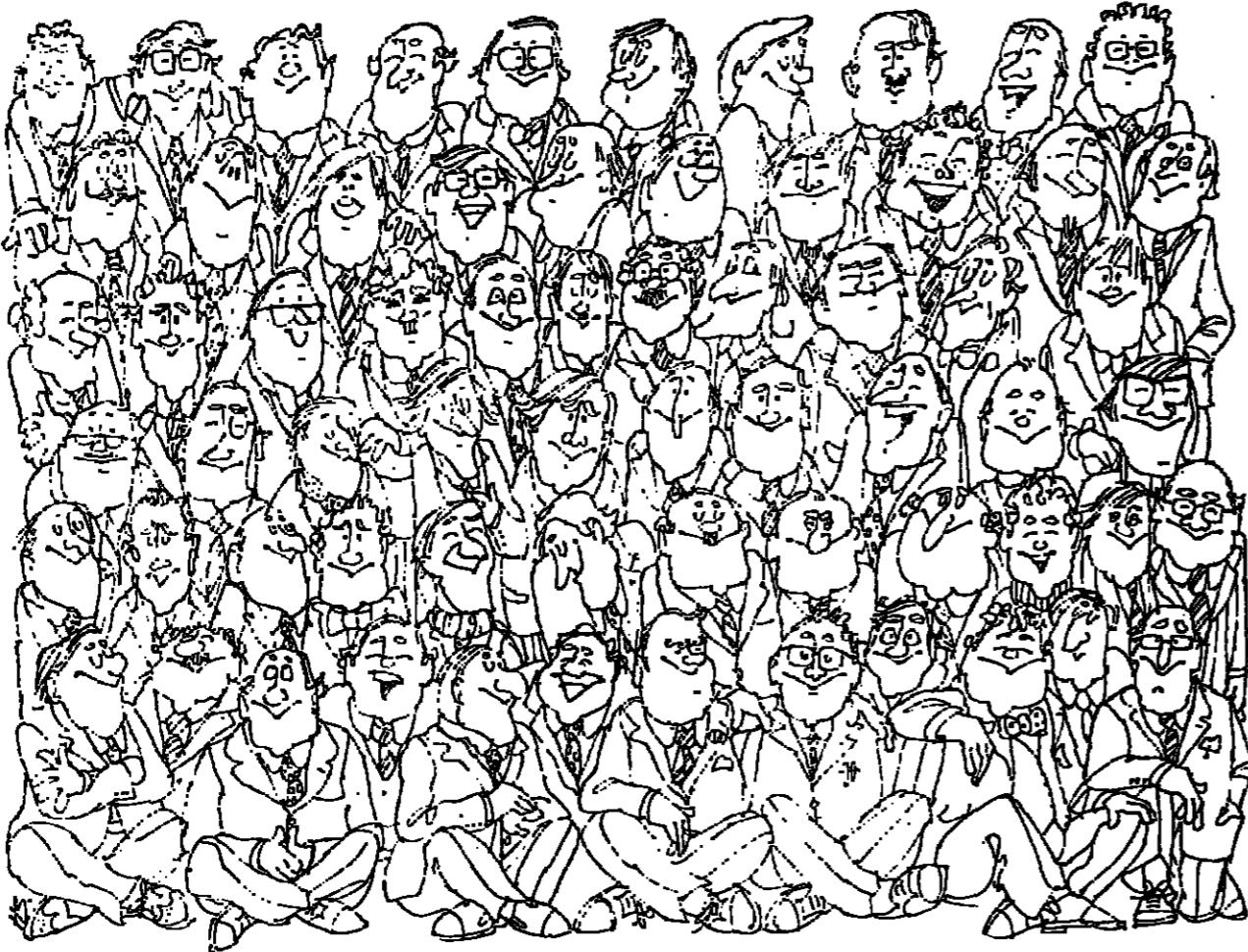
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	U.S. \$ Million		U.S. \$ Million
ASSETS		LIABILITIES	
CASH AND BANKS	527.5	PAID UP CAPITAL	100.0
INVESTMENTS	13.4	RESERVES	50.0
LOANS AND ADVANCES	337.5	DEPOSITS	693.1
OTHER ACCOUNTS	26.6	OTHER ACCOUNTS	39.7
FIXED ASSETS	2.1	PROFIT	24.3
	<u>907.1</u>		<u>907.1</u>
CONTRA ACCOUNTS		CONTRA ACCOUNTS	
LIABILITIES ON CREDITS, GUARANTEES, ETC.	347.4	CONTRA LIABILITIES ON CREDITS, GUARANTEES, ETC.	347.4

ARAB COOPERATION AND DEVELOPMENT VIII

Euro-Arab talks need a boost



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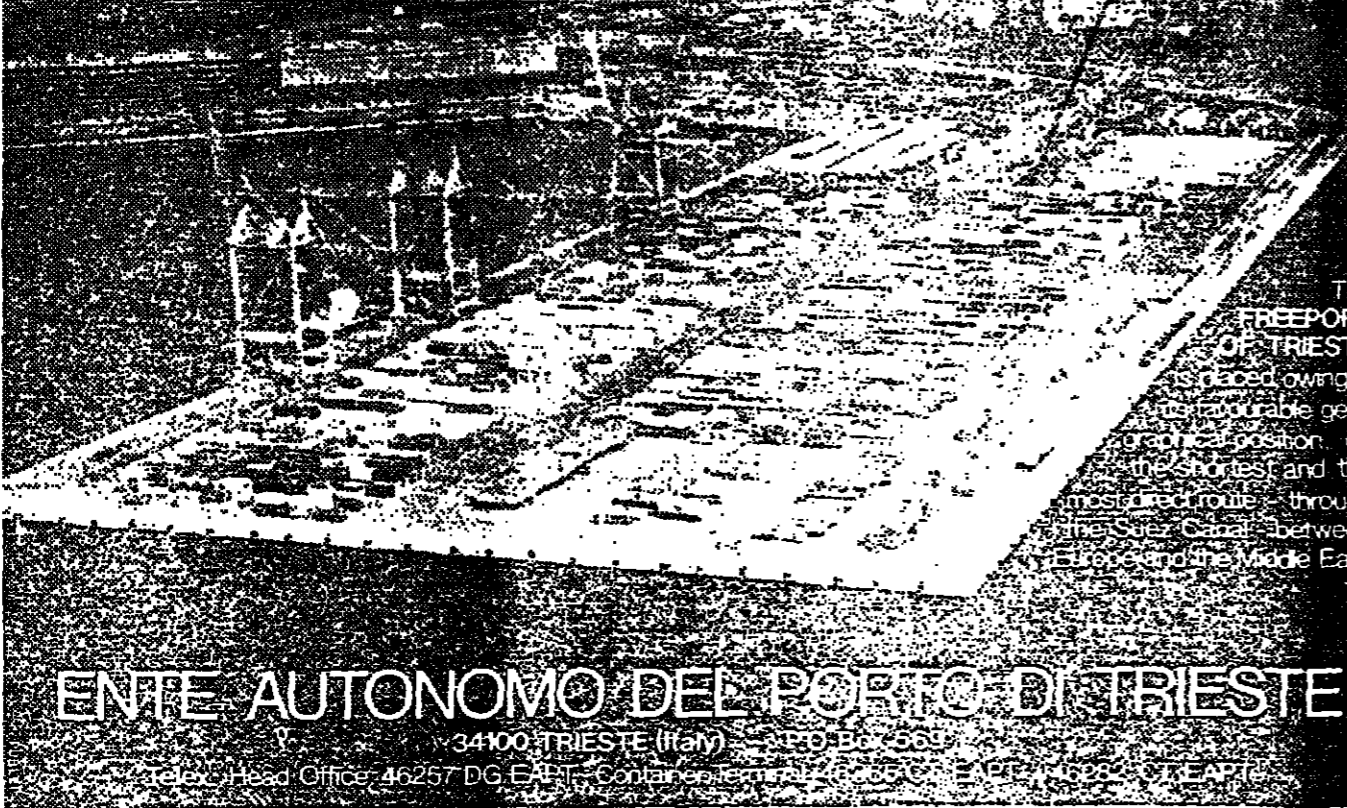
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AT THE end of next month representatives of Governments of the Nine, the members of the Arab League and the European Commission are due to gather in Brussels for the third 'General Committee' of the Euro-Arab dialogue...

Progress

Progress to date has been disappointing, all the more so in the light of the expectations—seven mild excitement—which attended the setting up of the dialogue a little over three years ago...

The dialogue's origins are firmly rooted in political considerations on both sides. In early November 1973, while the West was still reeling from the early impact of the oil embargo...

The Nine, however, have proven increasingly wary of giving the dialogue an overtly political dimension, insisting that they were not prepared to go beyond already agreed positions on the Middle East drawn up in the framework of EEC political co-operation...

This initiative brought a positive response from the Arab summit conference later that month and in mid-December foreign ministers of the Nine and four Arab states met in the margins of the EEC's European Council meeting in Copenhagen...

European commercial operations in the Middle East. This caution stems partly from an awareness that the existing co-ordination of EEC foreign policies is tenuous and could be severely strained by a deeper political involvement in the Middle East.

Progress in the dialogue's more technical chapters has been unimpressive so far. Some European officials blame this on disorganisation and lack of agreement on the Arab side. But economic self-interest and commercial rivalry among the Nine have also played a part. None of the European governments is keen to encourage industrial competition in sectors like petrochemicals and steel...

Two further meetings of experts were held during the following six months. The Cairo meeting in 1975 issued a joint statement which declared that the dialogue was 'the product of a joint political will that emerged at the highest level, with a view to establishing a special relationship between the two groups'...

Demands

One of the major Arab demands remains a global preferential trade agreement with the EEC. This, however, is unacceptable to the Community, which is firmly wedded to its policy of bilateral trade arrangements with individual states. It has already concluded such accords with about half the Arab League countries...

Some preparatory work has been carried out on operations projects, the drafting of a code for the protection of investments, an 'agreed development scheme' in rules for protecting the environment, the setting of a joint technology in Tunisia and the drafting of a standard commercial...

A final decision has been taken on the 'feasibility' studies which little further can be done on specific projects. The Arab states have agreed in principle to contribute only \$3.5m. them, and that until the end of the year...

It is perhaps inevitable that such difficulties should attempt to establish a relationship between the two groups which did not only by political, economic and differences but also themselves. The Nine's way from an agreement with a single voice...

Unless a way can be found to bridge some of the differences, prospects for the dialogue into a vehicle for co-operation between Europe and the Arab world will remain out of a deeper common achievement progress, the determinant of the future could become...

Guy de Jor...

Tensions decline in Afro-Arab relations

THE ARAB world has been through some traumatic moments in its relations with the African countries in the past five years. Arab diplomats persuaded black African states to align themselves with the Arab countries against Israel...

Arab relations began early in the 1970s. During the previous decade Israel established a considerable presence in Africa and had such close relations, especially in the fields of technical and military co-operation...

The Arab and African states have a great deal in common. They are all third world developing countries and the African and Arab worlds overlap: as President Anwar Sadat of Egypt pointed out at the Cairo conference...

were made on a bill for Arab-African oil (such as Sudan). The Arab League's assistance in the development of industrialised countries as developing countries...

The breakdown of the mission was probably a turning point. It was exploited by Egypt, Saudi Arabia and Libya, whose diplomatic efforts succeeded in persuading Uganda, Chad and Congo to break ties with Israel by the end of 1972. Niger, Mali and Burundi followed early in 1973 and shortly after the Non-Aligned Conference in Algiers in September 1973 Togo and Zaïre followed suit...

The only exceptions were the African oil producers, Nigeria and Gabon. Nigeria, along with the Sahelian states, forms something of a bridge between the Arab and African world, having a half-Muslim population. Arab gloom deepened during 1974. The Arab financial institutions were slow to get off the ground and start disbursements...

Several factors played a part in the decision, among them the growing African belief that the position of Israel was analogous to the position of the white states in southern Africa and the desire to see the Arab states adding to the isolation of southern Africa in return for their agreeing to isolate Israel. Some writers have argued that the Israeli crossing of the Suez Canal on October 16 was a psychological breaking point...

Capital But by the end of the first Special Arab Fund (SAFA) were established. The Arab Fund for Technical Assistance (AFTA) was also set up. This high point in Afro-Arab relations was short-lived, however. By the end of the year the oil price had been quadrupled, administering a serious blow to many developing countries, especially those in Africa...

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ARAB COOPERATION AND DEVELOPMENT IX

Boycott carries on regardless

A year has seen the challenge yet to the court of Israel in the S. legislation aimed at discriminatory practices in American companies in with the require- foreign trade embargoes relevant amendments sport Administration ened a confrontation of strength that could ed both sides. In the they emerged from in the summer for Carter's signature, the should make it was U.S. Arab commercial to continue, although depend on the man- ch the administrative s are applied.

r, if the U.S. peace for a Middle East g six months the Arab sanctions against Israel ably deeply ingrained rab psyche—will be o fundamental ques- estabishment of a subsidiary in Israel, investing in a joint venture with local partners, the provision of technological ex- pertise and the supply of goods for local assembly.

Exploration for minerals and becoming the agents abroad for an Israeli company or being a large importer of Israeli goods can invoke the embargo. Ship- ping goods to Israel or trans- porting Israeli products can ex- pose foreign companies to black- listing. Boycott regulations also specify the provision of loans to Israel, the distribution or pro- motion of Government bonds, the making of films promoting Israel or projecting a bad Arab image, and donation of money to Zionist causes. Companies with directors belonging to Israeli Chambers of Commerce in third countries can also be victimised.

In practice, boycott rules have been applied with flexibility at the convenience of Arab countries—collectively—with varying degrees of strictness in individual ones—and somewhat arbitrarily as well. Manufactur- ers of arms which the Arabs want are the most obvious exceptions—companies like McDonnell Douglas (suppliers of Phantoms to Israel) and General Electric (providers of engines for the Kfir fighter). In the sphere of civil aviation Boeing is similarly exempted.

Before British Leyland was finally removed from the black list in 1976, Arab States had purchased Land Rovers for military and internal security forces. Iraq even placed a large order for Leyland buses in 1974. Xerox machines are to be found in the Arab world though the company was "black-listed" in 1966 for making a film sym- pathetic to Israel. Coca Cola is produced in Algeria and Tunisia despite the fact that it was embargoed in the same year for setting up a bottling plant near Tel Aviv. Chase Manhattan,

which handles Israeli bonds in the U.S., has never been boy- cotted and for many years has been one of the financial institutions most favoured by the Saudi Monetary Agency.

In the U.S. much of the pressure for tougher legislation was built up on account of dis- criminatory practices against Jews. Although the General Principles of the Boycott of Israel do not include any reli- gious or ethnic criteria for black-listing, requests for in- formation about the religion of companies' personnel have not been infrequent in the past, especially from Saudi Arabia. However, publicity and protest in the U.S., as well as diplomatic persuasion, have had their effect. Out of nearly 170,000 boycott-related requests re- ported by U.S. companies to the Commerce Department in the 12 months up to October 1, 1976, only 15 were classified as discriminatory on the basis of race, religion or national origin. Moreover Saudi Arabia has now ceased to inquire about the religious affiliation of visa applicants.

It is easier to get on the blacklist than off it. Almost in- variably a company will be asked to sever the connection with Israel which the Boycott Office originally objected to. Personal contacts can be im- portant in creating better under- standing and facilitation visits to the Damascus headquarters. But payments to the boycott's officials do not work and would be counter-productive. Basically what is demanded is evidence that the embargoed company has complied with the demands. Even when these are delayed there can be deliberate delays in the removal process for those deemed to have grievously sinned in the eyes of the embargo.

The case of Barclays Bank highlighted the uneven and arbitrary application of the rules. At the 40th conference of the regional commissioners in Baghdad last October it was placed on the "blacklist" one year after it had been warned. Its branches there had been tolerated because they long pre- dated the creation of the Jewish State and had served Palestine under the British Man- date. But a new situation was reckoned to have arisen when it merged them into a joint venture with the Discount Bank of Israel.

U.K. process-plant manufac- ture which had been boycotted in 1968 on account of a contract to build an ammonia plant in Israel. It is a company which could well be of use to develop- ment plans of the Arab oil pro- ducers—all the more so if the U.S. legislation made it impos- sible to do business with the Arabs.

In 1975 some kind of under- standing was reached at a boy- cott conference to the effect that an embargoed company might qualify for removal with- out liquidating its stake if it made a greater contribution to investment in the Arab world. This line was much favoured by Egypt with its anxiety for foreign investment. It also appealed to British Leyland and Ford which believed that in this way they might get clearance without going through the great difficulties of disengaging themselves from Israel.

Mr. Mahgoub has consistently made it clear that he was opposed to this relaxation of economic sanctions and has called for intensified imple- mentation of boycott regula- tions. British Leyland was eventually cleared despite an on-going commitment to supply its old Israeli assembly lines with knocked-down-parts. Mean- while, it has been made clear that the re-opening and expan- sion of Ford's intended plant at Alexandria in Egypt depends upon prior removal from the boycott list.

At the past two conferences the main preoccupation has been the new U.S. legislation. When the compromise amend- ments finally emerged the judg- ment of the American business community was that they would make difficult if not impossible commercial relationships other than the export of simple prod- ucts, especially the under- taking of large and complex projects in Arab countries. The administrative regulations have yet to be published and the ambiguities in the Export Ad- ministration Act are still causing confusion.

Absolutely critical is whether or not Arab countries will be prepared to accept "positive" certificates of origin for goods and components (specifying where they came from) rather than "negative" ones (stating that they do not come from Israel) which hitherto have been insisted upon by the Arabs but are expressly forbidden by U.S. law. Looking ahead—opti- mistically—it seems that the Arab countries would abandon the embargo as part of a peace settlement. Indeed, that must be a necessary precondition of peace as far as Israel is con- cerned. Much more problem- atical, hypothetical and far in the distance are the chances of most Arab countries entering into normal trade dealings with Israel.

Richard Johns

Cooperation

ally, the boycott is oldest forms of pan- arabism. At the end of a year after the of the Arab League membership was to Egypt, Syria, Iraq and Saudi Arabia resolved to put an upon "Jewish" meaning those that factured by Jewish in Palestine. The year, before the tablishment of the srael, the definition was adopted and it used ever since. In us decided to set up a Boycott of Israel at Damascus with n the Arab countries e then independent. Then the headquarters network were opera- original blacklist was

its headquarters in the Central Boycott Office is responsible mplementation of the under the direction of mmed Mahgoub, the mer - General, an who has held the post beginning. Respon- sible central bureau are ones, which super- vision of regulations, vitals of all the mem- of the Arab League. rt of the boycott are, accredited

Relations

CONTINUED FROM PREVIOUS PAGE

rd institution set up at f 1973 to help African the Arab Fund for Assistance to Africa, authorised capital of as slow to gain sub- and appears to have ost totally dormant. tion to these multi- ids specifically devoted both the established v-formed Arab project s began to assist countries, as described ole on Arab aid. The und began to assist states in 1974, and the oi Fund followed suit. The Saudi Fund for ent set up in 1974, discriminated against states. The Islamic ent Bank, set up in ps Islamic states in s well as elsewhere. ve large sums of aid ational basis. In 1974 ational aid commit- African states totalled e biggest beneficiaries to be Sudan, Somalia, as and Zaire, the first members of the African Development Bank (founded in 1964 and based in Abidjan); \$16m. for feasibility studies; and \$2m. for the OAU Liberation Committee. Kuwait next day followed suit, offering \$200m. in soft loans, \$20m. to he fact that many of ABEDA, \$10m. to ADB and nds were setting up \$10m. for feasibility studies. The UAE said it would give id is by its nature slow. African projects, and give, disappointment of the ABEDA \$40m., the ADB \$10m., there are considerable con- straints on fast disbursements contributions of SAFA, ent only a small way Qatar promised donations, by project aid funds, both on

to cover the increased cost of oil imports, there was no direct balance of payments support from the Arab states.

These issues came to a head in the preparatory sessions of the Afro-Arab summit in Cairo in March this year. Initially, Tanzania proposed the creation of a fund worth \$2bn. to be at the disposal of the African states for the next five years. But the Arab states, despite raising the capital of ABEDA to \$500m., said they could not offer more than \$500m. over the next five years, taking into account their existing bilateral obligations, already estimated at several hundred million dollars.

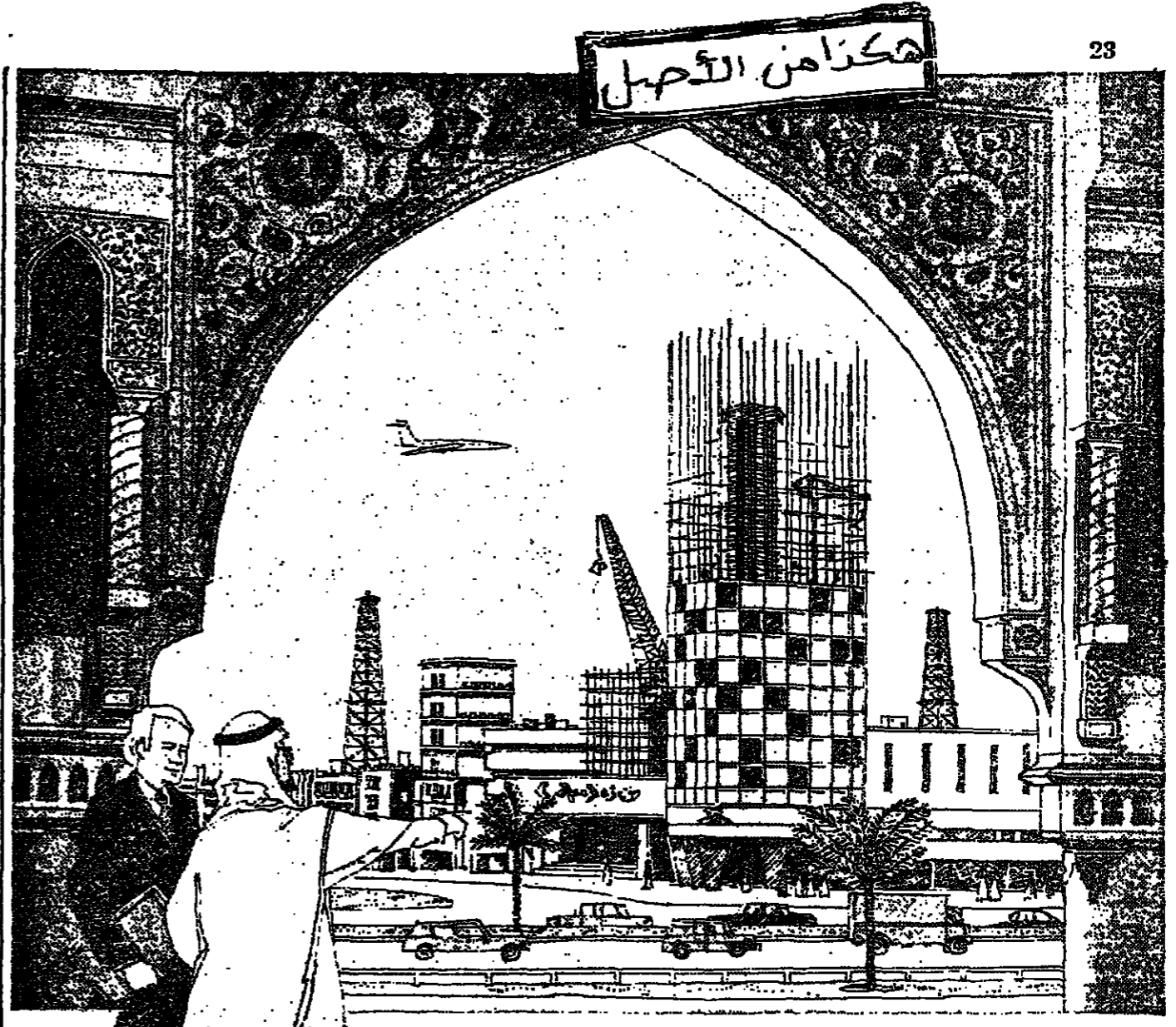
Development

But when the Summit itself opened Prince Saud al-Faisal, the Saudi Foreign Minister, announced \$1bn. for "economic and social development" in Africa. Of this \$120m. was to be added to the capital of ABEDA, \$10m. would go to the African Development Bank (founded in 1964 and based in Abidjan); \$16m. for feasibility studies; and \$2m. for the OAU Liberation Committee. Kuwait next day followed suit, offering \$200m. in soft loans, \$20m. to he fact that many of ABEDA, \$10m. to ADB and nds were setting up \$10m. for feasibility studies. The UAE said it would give id is by its nature slow. African projects, and give, disappointment of the ABEDA \$40m., the ADB \$10m., there are considerable con- straints on fast disbursements contributions of SAFA, ent only a small way Qatar promised donations, by project aid funds, both on

similarly divided, totalling \$97m. Libya promised \$3m. to the liberation movements but said it would also contribute "arms and blood."

This brought the amount pledged to about \$1.5bn, which delighted the African states. They were further satisfied by the subsequent Cairo declaration, which included a blanket call for liberation of Palestine, Zimbabwe, South Africa and Djibouti, and for the stepping up of the oil embargo on southern Africa. A declaration on economic and financial co-operation was made, concentrat- ing on four particular projects: a trans-African road net- work, evaluation of natural re- sources in Africa, a pan-African telecommunications network, and the creation of a data bank.

The summit left both sides with the declarations which they wanted, and brought prom- ises of greatly increased Arab aid for Africa. But it was clear that not all the money could be mobilised quickly: in fact it has been estimated that only \$250m. is readily available—the con- tributions to ABEDA (whose capital was finally boosted to \$886.5m.), the contributions to the ADB and the fund for the study of projects. The rest is likely to work its way slowly through the various develop- ment institutions, and the ques- tion of how an African State obtains access to the bulk of Saudi Arabia's immense contribu- tion has been left vague. As is explained in the aid article there are considerable con- straints on fast disbursements by project aid funds, both on



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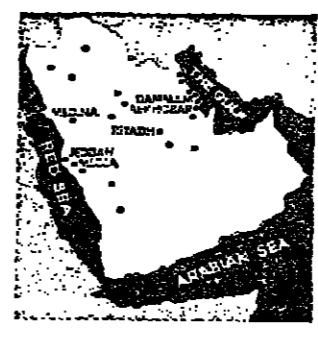
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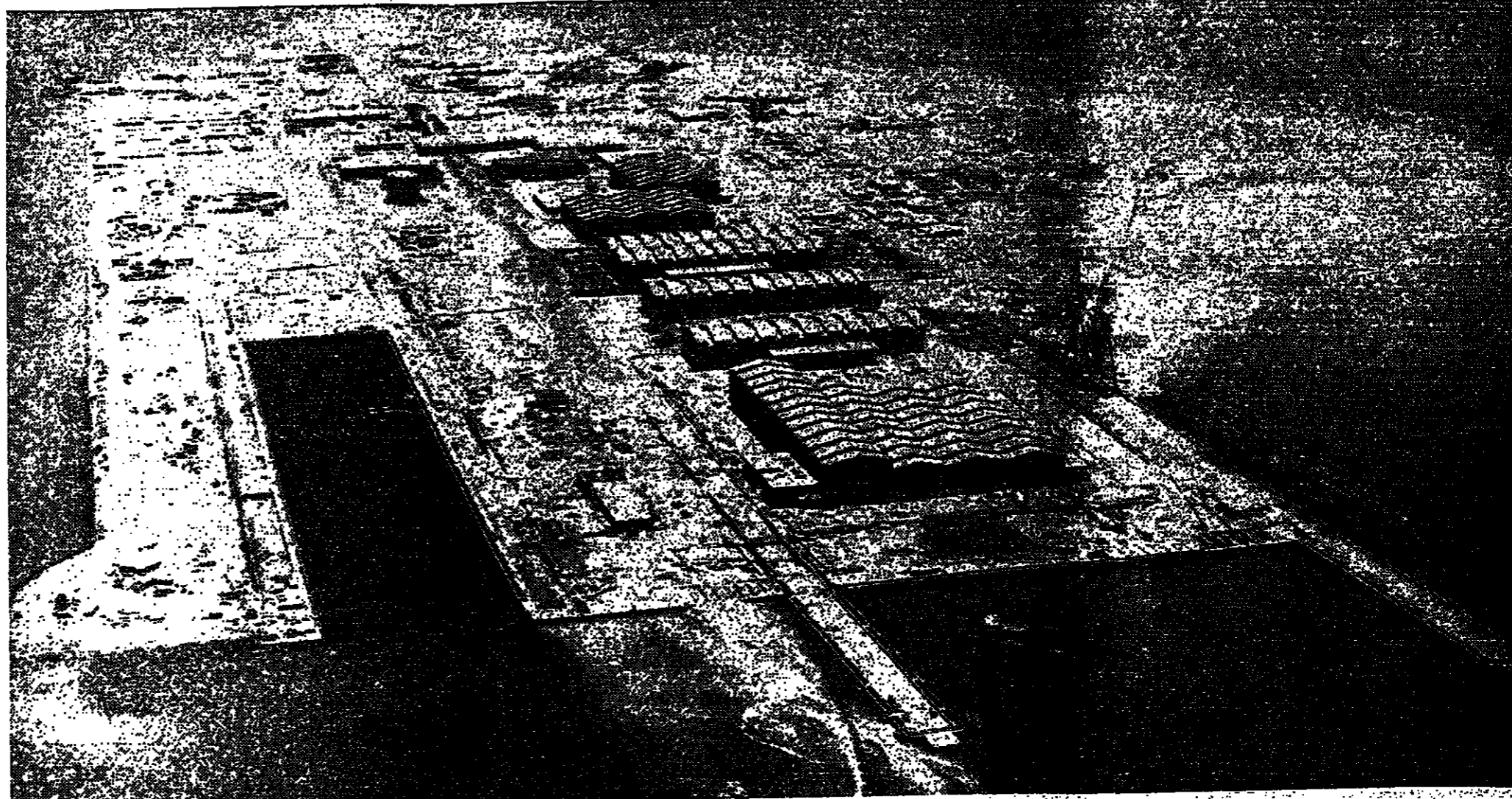
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The Arab Ship Repair Yard's dry dock at Bahrain, which should take its first ship next month.

Pan-Arab ship repair yard nears completion

THE FIRST Pan Arab industrial venture, a dry dock to repair and service very large crude carriers, is now virtually ready to start commercial operations some ten years since the idea was first mooted and two years since construction was started. The management of ASRY, the Arab Shipbuilding and Repair Yard, is rather self-consciously reminding itself to talk of "the yard" rather than "the site."

The first ship is expected to enter the ASRY dock in October though the official opening is scheduled for Bahrain's National Day, December 16 when the Emir of Bahrain, Sheikh Isa bin Sulman al Khalifa will carry out the inauguration ceremonies. It was in November 1974 that Sheikh Isa, together with Saudi Arabian Oil Minister, Sheikh Ahmed Zaki Yamani laid the corner stone.

Sheikh Yamani first floated the idea of a dry-dock as the

first joint project for the Organisation of Arab Petroleum Exporting Countries in 1968. At that time Saudi Arabia was a founder member of OAPEC and together with the other two founder members, Libya and Kuwait, it sponsored the original feasibility studies.

In the late 1960s the commercial prospects for the dry-dock seemed to be excellent which added to the attractiveness of what was fundamentally a political project. With the closure of the Suez Canal it seemed inevitable that a large number of VLCC's would be built while there were few yards that could maintain or repair them. Then there were no such facilities on the prime oil routes, Gulf to Japan and Gulf to Europe.

Originally, the plan was to site the yard at Danman on the Eastern coast of Saudi Arabia, but eventually it was decided that the location should be Bahrain. One compelling factor in favour of Bahrain was the availability then of relatively educated, adaptable labour. Saudi Arabia, which has always taken a close and generous interest in the progress and stability of Bahrain, pushed in favour of the island in preference to Dubai which was also being considered. As a result Dubai left OAPEC and is now proceeding with its own dry-dock project although the United Arab Emirates, to which it belongs, is one of the seven OAPEC shareholders.

The shipping picture radically changed in the six years it took OAPEC to finalise the project, find managers, appoint consultants and a main contractor.

Facility

Now, while some 700 VLCC's a year pass through the Gulf, there is a dry dock facility at Singapore on the Japan-Gulf route. Dubai has a massive dry dock under construction but without the all-important management services secured, and Iran is constructing a dry dock facility at Bandar Abbas (which it is thought will largely be for military use). As it is, the oil freight business has still to reach rock bottom. "But even though so many ship-owners are in trouble and even though there are so many shipyards," ASRY is still in the best position," asserts Sr. Antonio Machado Lopes, ASRY's general manager.

Commercial viability, fortunately, was never a prime consideration of the original shareholders. The project's main attraction when it was first mooted was that it represented a downstream investment in the oil industry. The company is financed by low-interest loans from OAPEC member States and for an indefinite period after commercial operations gets under way, hopefully in October, losses are envisaged.

ASRY as a company was formally incorporated under Bahrain law at the end of 1974. Its first chairman is Mr. Majid al Jishi, the Bahraini Minister of Works, Power and Water. The management of the company so far has been principally recruited from Lisnave, the Portuguese shipyard, which

compared with work on VLCC's. The other factor which has radically changed since the project was first conceived is the employment situation in Bahrain. The post-oil price increase economic boom came to Bahrain rather later than to the other Gulf States but was no less productive in terms of both employment and wealth. It was helped along by the creation of an offshore banking market with the prospect of attractively paid and clean desk jobs.

The management contract was signed early in 1974 and which is now still active in a consultancy capacity, apart from providing senior managers like Sr. Machado Lopes.

It is arguable that the appointment of Lisnave as project managers, one of the world's leading ship-repair yards, made this pan-Arab project seem more credible than many others. One ex-Lisnave senior ASRY manager ventures the notion that, among other factors, Lisnave won the contract because of the comparative youth of its management which was sympathetic to the comparatively young Arabs promoting the project.

The management contract which Lisnave signed covered the construction period and runs until 1984. Lisnave now has an "overseer" role with ASRY which can call upon its technical and managerial resources. "If necessary Lisnave can provide us with complete docking team," says Sr. Machado Lopes, and ASRY is likely to use such a team for the first few ships that will dock. Establishing operational credibility early on is vital.

It is economics that drives people to work in shippards," observes Sr. Machado Lopes, adding that the people with the ASRY can easily find cleaner, less physically demanding jobs (though not necessarily better paid) than those offered by a shipyard. ASRY has not yet extended its recruiting campaign into the villages, which do not share all the urban prosperity but where the knowledge of English is likely to be low.

The net effect of the new labour situation is that plans for "Arabisation" of ASRY will inevitably be implemented more slowly. The desire to show that Arabs can successfully run industrial projects was another political motive behind the creation of the dry-dock. Initially the plans are that the yard should be wholly run by Arab nationals (not necessarily Bahrainis) within about ten years of its commercial opening.

But recruitment of Arabs with the right qualifications and background is likely to be difficult. A recent pan-Arab recruiting campaign produced a couple of thousand replies of which only one-third were suitable for interview. But apart from educational qualifications another vital consideration has concerned Arab nationalities. Some are more acceptable to Bahrain (and Saudi Arabia) than others.

In the meantime, senior ASRY managers believe that the company's shareholders will be realistic, in private at least, about implementing "Arabisation." So far it seems that Bahrainis and other Arab nationals have taken more readily to personnel and finance work at the white collar level. At yard level the Bahrainis under training seem to have a natural aptitude for electrical work.

ASRY as a company was formally incorporated under Bahrain law at the end of 1974. Its first chairman is Mr. Majid al Jishi, the Bahraini Minister of Works, Power and Water. The management of the company so far has been principally recruited from Lisnave, the Portuguese shipyard, which

assumed the management campaign mainly on location and trial location should be tant both for the importance of the project and the best available in the world," asserts Sr. Machado Lopes. ASRY's first vessel is expected to arrive, sometime early in the October. As yet the yard has not committed itself to a docking schedule because of the importance of establishing credibility early on. But Bahrain on their ballast, plans for the voyage to the oil terminals, they first tanks, plans for the are in a much better condition, are being made.

A second dry dock is discussed and is likely to be implemented if (or) Dubai's dry dock complex comes operational. On always envisaged in the plans and should be relatively easy to construct. The national capital could be a hand issue. Already, the bankers with offshore based in Bahrain have the idea of raising the necessary finance in this way.

The rapid development of Bahrain as a business centre, largely due to the establishment of the offshore banking market, has also given an added advantage to ASRY. It claims to be the only shipyard situated 10 minutes from an international airport at which all major airlines call. This central location should be tant both for the importance of the project and the best available in the world," asserts Sr. Machado Lopes. ASRY's first vessel is expected to arrive, sometime early in the October. As yet the yard has not committed itself to a docking schedule because of the importance of establishing credibility early on. But Bahrain on their ballast, plans for the voyage to the oil terminals, they first tanks, plans for the are in a much better condition, are being made.

Impressive

The second impressive factor in the history of ASRY so far is the speed and competence with which the dock has been constructed. Hyundai, the South Korean company, was relatively unknown in the Arab world until it won this contract but has managed to use it as a base to spread out into the Arabian peninsula. It has won the contract for the multi-million dollar Jubail port development on the Eastern coast of Saudi Arabia, for example.

While Hyundai was not able to complete the project by its original scheduled date (July this year which was probably an unrealistic target), it has met all other deadlines. The completed dock was flooded in May this year after 2,000 Koreans had laboured day and night, seven days a week to build the 375 by 75 metre, 12 metre deep dock on the 4m square metre artificial island they had created 7km off the coast of Muharraq, Bahrain's second island. (Construction work ahead is an alternative to conscription for South Koreans.)

The yard is virtually operational. Initially, however, it will start offering only the simple services in the early stages, while ASRY's affiliate tries to persuade tanker owners around the world to use it. An Arab Shipbuilding and Repair Yard Marketing Service is set up in London for this purpose. Fourteen agents in the major tanker owning countries of the world have been appointed and held their first meeting in Bahrain in June this year.

Chairman of ASRYmar is Mr. Gifford Rossi who has been with the project since its inception. He and Mr. Michael Ratcliffe, managing director (as well as ASRY senior management itself), have been persuading agents and tanker owners to service their vessels at the ASRY facility basing their cam-

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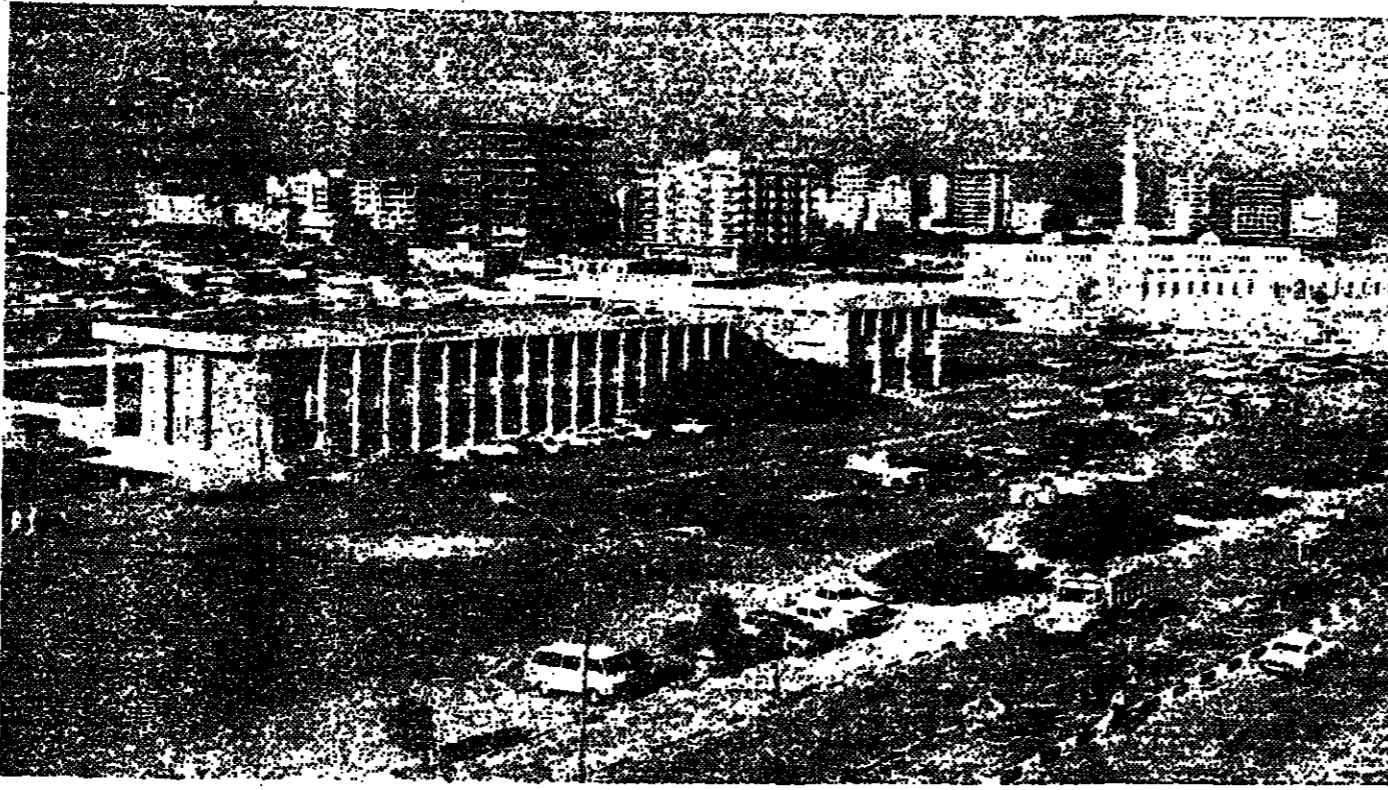
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Telecommunications pose problems

could receive, as meetings which to-day, the most term boost it has the Second World Arab Satellite Communications Organisation (ASAT) is meeting which company the technical con- sider which will lead to the Arab coun- try the first regional have their own- ly for telecom- and educational in one hand, this the possibility of improving of communications themselves and of the world and, cking educational problems. On and, if used un- at contains all the spreading revolu- m that Nasser's Arabs did in an it in a more com- id efficient form. r irony, indeed, if hould be consoli- y a device 23,000 ace rather than cians and organi- rthl



The Abu Dhabi headquarters of the Emirates Telecommunications Corporation (Emirtel) which came into operation in September last year.

that the Arab have their own been under stud- ed. Initially, the erated mainly by ates Broadcasting) with an eye on radio broadcasts, and on the ground there are to be two control centres (in Saudi Arabia and Upper Egypt) for political and security reasons. The aim of the satellite project is to strengthen telephone, telegraph and telex communica- tions and to enable exchange throughout the Arab world of telephones, radio, television and educational programmes. Because the ATU is concentrating on a particu- lar area the increased signal strength will permit transmis- sions to small terminals in the remotest areas. The intention is that there should be about 6,000 telephone circuits and seven television channels. On the ground, in addition to the control stations, the system is to consist of microwave relays and computers, a training centre and a research laboratory. The cost of the space segment is estimated at \$100m. and almost as much could be at stake again for the main ground systems. The individual govern- ments will be responsible for the all the transmitting and receiv- ing stations. Initially it is thought there will be about half a dozen of these, but eventually it should be possible to have small receivers distributed as widely as possible.

of negotiations s of negotiations early that indi- states were well at \$100m. and almost as much could be at stake again for the main ground systems. The individual govern- ments will be responsible for the all the transmitting and receiv- ing stations. Initially it is thought there will be about half a dozen of these, but eventually it should be possible to have small receivers distributed as widely as possible.

of the successful bit meeting in coincided with the that an Arab lite project was indeed, it is esti- mated that it could pay for itself in a few years. Meetings were held in the Arab states last year to discuss the challenge of Arab satellite communication. It was decided that its consortium composed of Teleconsult (U.S.), Telespazio (Italy), Cie Francaise de Cables Sousmarines et de Radio and Centre Nationale d'Etudes Spatiales (France), and International Saudi Arabian Consultants; and a West German company.

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tion required of the satellites and the ground stations make it likely that the final contract will be awarded to more than one company. The Arab states have considerable telecommunications problems to be solved on earth. It is a widely accepted fact that standards differ greatly. For an indication, one need look no further than the figures issued by the American Telephone and Telegraph Company for the beginning of 1976. Egypt, for example, has the highest number of telephones in the Arab world, some 503,200, but at only 1.34 units per hundred people. It is on the same sort of average as Algeria, Iraq, Morocco, and, curiously, Saudi Arabia (although in this case the statistics reflect a gross overestimate of the population). At the bottom end of the scale are the two Yemenis—the North with 4,698 telephones—0.09 per hundred—and the South with 9,876 telephones, with 0.63 per hundred. At the top Kuwait had 12.5 telephones per hundred people, followed by Bahrain (9.9) and the UAE (6.3). The percentage of outgoing calls per head reflect an even greater imbalance with some of the Gulf states whose populations are tiny, almost matching Egypt.

The pattern which emerges is that the larger, and longer established countries tend to have greater problems than the more recently independent states of the Gulf. Historically, it cannot now be said to have benefited Egypt to have been the first to establish a comprehensive telephone system in the 1930s. The problems of its overworked system have now become an unfortunate legend. Contact is best made on foot (or by elusive taxi) because telephone connections are almost impossible for twelve hours after ten o'clock in the morning. This sort of difficulty, reflected also in local telex behaviour, has been a major factor holding back businessmen from using Cairo as an alternative to Beirut, where 65,000 out of 175,000 phones were put out of action in the civil war, as a commercial centre. As a result, many businessmen have opted for the excellent services in most of the Gulf states, in particular Bahrain. These states have had the advantage of starting their telecommunications programmes from scratch.

Improvements in local telecommunications is big business. Egypt, for example, intends to spend £250m. over the next five years so that by the end of 1980 all exchanges should be converted to the modern crossbar system. Within the last two years contracts in the Arab world worth a total approaching \$3bn. have been awarded, with Saudi Arabia taking more than half. In the weak areas, the concentration is predictably on improvement to the basic system. In other areas it is to move into more sophisticated spheres. Nippon Electric of Japan, for example, was last June awarded a contract worth \$8.9m. to build a telecommunications network to serve the industrial and petrochemical complex to be built at Yembo in Saudi Arabia. This will include a car-to-car telephone service, a television broadcasting network and mobile stations for satellite communications.

There is another crucial reason for the need to improve telecommunications. Morocco or Syria and Iraq standards. It has been proved time and again to frustrated businessmen that it is no good having a sophisticated international system if the local conditions are bad.

Thus it is often easier to tele- phone from Cairo to London than to Alexandria. Many inter- Arab calls are routed through Paris and London. By compari- son, in Bahrain and Kuwait it is not only easy to get local calls, but the major cities of the world are only minutes away. The relative care with which international calls can be made reflect the fact that there are already 12 Arab countries with satellite earth stations, whose links are divided between the Atlantic Ocean and Indian Ocean Intelsats.

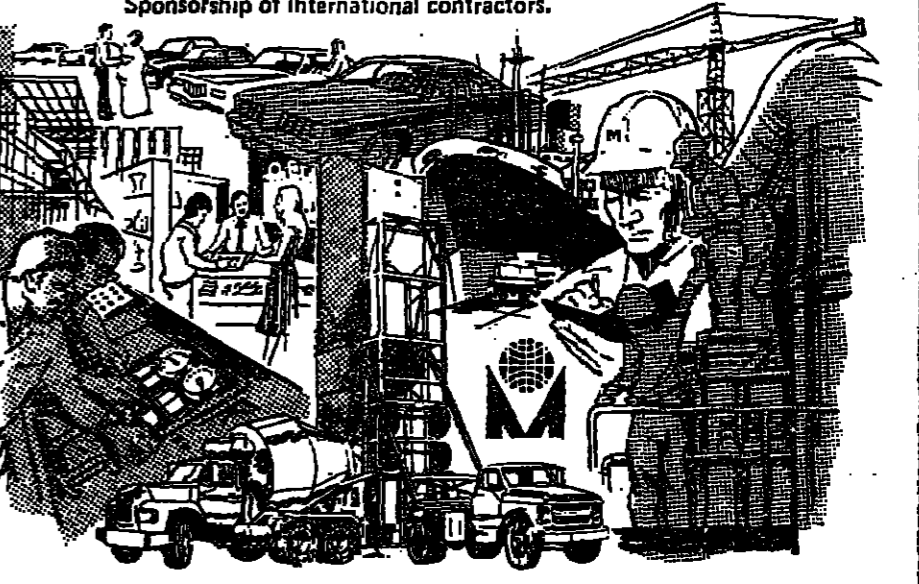
Plans for the future of the Arab world's telecommunications systems have not been confined to Arabast. The main vehicle for inter-Arab co-ordina- tion has been the ATU, which had its genesis in the telecom- munication agreement signed at a meeting of the Permanent Communication Committee of the Arab League in 1953. This eventually led to the first meet- ing of the ATU in December 1957-January 1958 attended by Jordan, Syria, Iraq, Saudi Arabia, Lebanon, Libya, Egypt and Yemen. There are now 17 member states, plus the Palesti- ne Liberation Organisation.

The main tasks of the ATU are those of a regional version of the ITU. Its aims include helping the improvement in local services of each country, the reduction in tariffs for tele- phone and telegraph exchanges, and the standardisation of ser- vices throughout the Arab world.

The ITU has co-operated closely with its Arab counter- part. Foremost among its projects has been, since 1973, work on a 'pre-investment study of the Middle East's telecommuni- cations needs over the next 15 years. The approach adopted has been to divide the area into six zones, which will ultimately be inter-linked by compre- hensive sources including direct dialling although because of the different switching systems in operation in the west and east of the Arab world ATU officials admit there may be some problems. The first zone covers Saudi Arabia, the two Yemenis, Ethiopia and Somalia; the second Saudi Arabia and the Gulf States from Kuwait to Oman; the third Iraq, Turkey, Iran, Lebanon, Syria, Jordan, Cyprus and Kuwait (as well as Greece, Bulgaria and Yugo- slavia); the fourth Egypt, Libya, Sudan, and Saudi Arabia; the fifth Libya (linked with Malta and Greece); and sixth the Mashreq stretching from Tunisia to Mauritania. The surveys for the first three regions, the second of which was finan- ced by the Kuwaiti-based Arab Fund for Economic and Social Development, are due to be completed this year. The other surveys are expected to be com- pleted by the end of next year. Because of the variety of systems which the Arab countries are now developing, it is clear that they are opening themselves to the risk of in- fluences which make national boundaries and sovereignty seem irrelevant. It must be a cause of worry to governments that, for example, Saudi school- children and bedouin could be directly exposed to, say, radical Libyan propaganda, or that the disputes between Algeria and Morocco or Syria and Iraq could be conducted to the popu- lations of each country through satellite transmitted television programmes. Nevertheless, the possible benefits from an improvement

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ARAB COOPERATION AND DEVELOPMENT XII

AOI aims at arms self-sufficiency

THE ARAB Organisation for Industrialisation is a billion dollar multinational corporation owned by four Arab states: Saudi Arabia, Qatar, Egypt and the United Arab Emirates. Only two years old, it was set up in the realisation that petrodollar wealth could be harnessed to reduce future dependence on foreign arms suppliers and so avoid many political strings attached to arms purchases.

It has wrongly been assumed by some to have done little since the establishment of its \$1.043bn. capital fund in May, 1975. Soldiers, arms salesmen and diplomats are impressed by the seriousness with which Dr. Ashraf Marwan, the Egyptian chairman of the AOI's Higher Committee, has established its Cairo headquarters—which are an oasis of efficiency in Egypt's desert of bureaucratic chaos—and developed lines of command and communications.

Marwan is a discreet man, an eminence grise in Egypt, who was ostensibly "retired" two years ago from his post as President Sadat's "special secretary for foreign contacts" but who lost no importance behind the scenes. In his early thirties, he has the distinction of being perhaps the only man to have prospered under Nasser (he is the late president's son-in-law) and subsequently under his successor.

Commercial

What has Marwan done during his two years at the AOI? First, taking a commercial approach to the vast enterprise, the Arab market for future arms supplies was examined minutely, beginning with the military requirements in the 1980s of the shareholder countries. Second, international arms consultants were commissioned to do, and have now completed, studies of the immediate Arab market, the secondary Arab market, and finally the foreign arms market, with the stress on African and Third World countries.

A high priority from the start has been the training and development of personnel. Programmes are under way both in Egypt and abroad for special instruction for AOI personnel. The programme is geared so that the production machine can move swiftly into operation once final contracts are completed. Both France and Britain have already been accepting trainees on various management courses.

In May this year in Alexandria, Dr. Marwan announced that the AOI "has decided in principle to make helicopters, jeeps and missiles." This has been his only public comment, but contracts are expected to be signed soon for a series of joint enterprises with Westland Aircraft and Rolls-Royce for the Lynx helicopter, with BAC (for Swingfire anti-tank missiles), and with American Motors (to make Jeeps).

In addition, parallel talks have continued to try to hammer out agreements in principle with the French Thomson-CSF and Matru concerns, who make the Crotale ground to air missile system (which the Egyptian Air Defence arm has examined with a view to replacing the ageing Sam missile system), and with Dassault and Aerospatiale, which make aircraft and engines. However, one responsible French source admitted "AOI production plans for Mirage fighters and Crotale missiles seem to have been put back."

There are indications that the AOI talks with British companies progressed more smoothly over questions of how much capital the foreign arms makers should put into joint enterprises. Early plans for 51-49 joint ventures were modified in favour of smaller foreign shareholdings—though exact proportions depend on whether the AOI joins forces with a single partner or more than one.

For the moment, the AOI has four factories, handed over by Egypt's Ministry of War Production as its contribution to

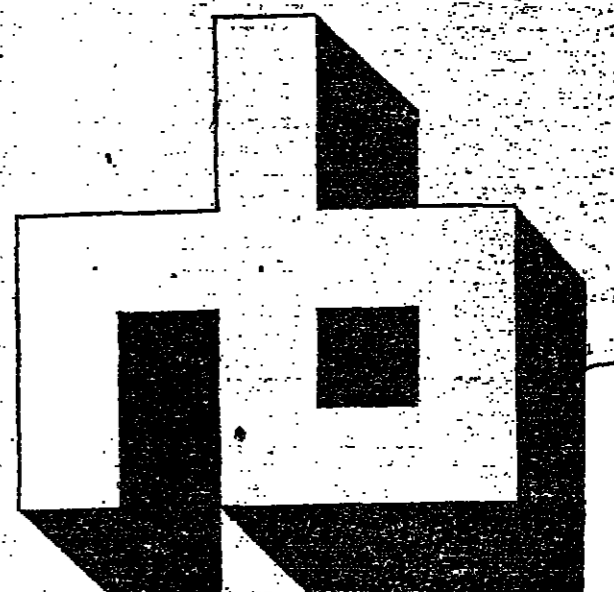
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Shipping gets off to a slow start

WHEN THE revenues of the oil exporting countries began to multiply rapidly four years ago, it was generally assumed in Western shipping circles that the producers would spend a substantial amount on shipping, thus capitalising on their control of their raw material by taking a large stake in its distribution.

In the event this did not happen and hindsight shows that, given the state of the world tanker market, there may have been some wisdom in this. Certainly, new ships have been placed under Middle Eastern flags, but they have been comparatively few. And most Arab fleets which are being built up are doing so with a large measure of Western co-operation.

The problems they face are those that have plagued all other international shippers. The Arab Maritime Petroleum Transportation Company (AMPTC) is jointly owned by all the OAPE states and is based in Kuwait. It has eight tankers totalling more than 2m. dwt., but in spite of the advantages they obviously have as carriers of their own crude, two of the largest craft in the fleet, the 267,000-dwt. Alghudh and the 315,000-dwt. Al Raftad are laid up in Norwegian fjords—and AMPTC is not buying new carriers at the moment.

The Kuwait Oil Tanker Company, oldest of the Arab tanker fleets, is little better off. With 1.6m. dwt in 10 tankers, it lost KD4m. in 1975, and it seems unlikely that the figures for 1976, which have not yet been published, will show a return to profitability. KOTC is still buying ships, though it is now putting the emphasis on gas. Four liquefied petroleum gas (lpg) carriers are due to be delivered from France next month, with a total capacity of 70,000 cu. metres.

Like AMPTC and the other Arab fleets, KOTC is plagued by the fuel costs that have beset international shippers. In KOTC's case, this is because the Kuwait National Petroleum Company decided against special discounts for Arab shipping on cost grounds. Compagnie Nationale Algerienne de Navigation (CNAN) is in some ways better off than the other two. Algerian Government owned, it is relatively indifferent to free market fuel prices. It carries all Algeria's gas, and that is that.

It also has designs on non-oil cargo. At present it has two 27,000 dwt general cargo vessels, two 29,000 dwt bulk carriers, and five container and ro-ro vessels on order from Japanese yards, and when they are delivered Algeria's own shipping line will be carrying about 25 per cent. of its non-oil cargo—a figure which makes its 10-year-old target of 50 per cent. by 1989 look fairly realistic.

The Gulf states have a similar target in mind. They share the United Arab Shipping Company with Iraq which last year should have almost 50 of the most modern multi-purpose cargo vessels in the world, working under a well-planned Mediterranean-Europe-US-Far East shipping network. Among private ventures, the Norwegian shipping group has sold two 35,000 dwt bulk carriers to a new Saudi Arabian company, which owns and operates a 50 per cent. split with the Abdul Latif Jameel company of Jeddah. Under the terms of the agreement, they have been chartered back to Norway for five years, but may fly the Saudi Arabian flag. A similar operation is the

Saudi Orient Maritime Line (Somol) which is part Hong Kong, part Saudi Arabian owned. It has already formed a monthly U.K.-Jeddah-Anaba service and has applied to join the Europe/Red Sea Conference.

Fleet
However, it is Egypt which has the largest of the Middle Eastern fleets. The State-owned Egyptian Navigation Company, which was formed 20 years ago, has built up a fleet of nearly 50 ships, including general cargo vessels and ferries. Taking best advantage of the lack of orders in Western shipyards, ENG has used soft loans to build up a 411,000 dwt order book with Norwegian, German and French yards, and the current Egyptian five-year plan envisages orders for four more bulk carriers, two tankers and 12 general cargo vessels.

Middle East port development is discussed elsewhere in this Survey; it is a vital area of infrastructural development which really is a prerequisite to the successful establishment of locally based shipping lines. There is still a serious over-capacity problem in the international tanker market, so there can be little incentive for the oil producers to buy their own fleets, which might prove uneconomic to run and maintain for some time to come.

The over-capacity problem does not exist among general cargo carriers, however, and it is here that the new emphasis is being placed. Apart from the growing proportion of non-oil carriers in the Algerian and Egyptian fleets, the Federal Maritime Company, an Egypt-Libya-Syria partnership, has a growing fleet of general cargo vessels—although it only recently put four 4,000 dwt. general cargo carriers out to tender, signifying that even this sector of the Arab shipping market is not all that healthy in the present climate.

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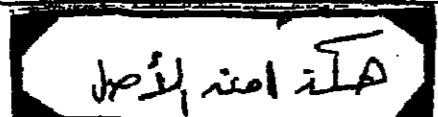
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The NCB's brave new dream approaches

By DAVID FISHLOCK, Science Editor

New world for coal technologies have two overriding objectives. The first is to improve the ratio of hydrocarbons to carbon in the raw material. At a nominal ratio of 0.8 : 1, coal is at a sad distance from the National Coal Board's objective of 1.8 : 1. The second objective is to turn it into a form more convenient to handle than a friable solid.

No single piece of alchemy is likely to be discovered that might turn such a heterogeneous solid as coal into a chemically richer fluid. But the Stoke Orchard chemists have found three processes which they believe might be permuted to provide marketable chemical feedstocks or fuels.

The most exciting of these is the so-called "supercritical extraction" process, discovered in the late 1960s, demonstrating the readiness of valuable constituents of coal to boil off when exposed to a solvent gas under high pressure. The idea is to heat coal at very high pressure—as high as 3,000 lbs per square inch—in a relatively inexpensive solvent such as toluene. Under such conditions constituents of coal having fairly high boiling points will vaporise readily without decomposing.

Given the right coal and conditions, as much as 46 per cent of the coal can be dissolved out in this way, yielding a hydrogen-carbon fraction much richer in hydrogen and essentially free from minerals. Moreover, experiments at Stoke Orchard indicate that this glassy-looking extract should be easily converted to hydrocarbon, oils or chemicals.

The NCB chemists are presently testing a £750,000 pilot plant built by Woodhall Duckham to demonstrate supercritical extraction as a continuous operation. It has been

designed to treat up to 20 kilograms an hour of powdered coal, mixed into a slurry with solvent. This shiny stainless steel plant is a forerunner of a "white-collar" coal technology which claims the cleanliness of chemical processes. Far higher standards of cleanliness than are customary from any coal-using industry to-day will be essential if very high operating pressures are to be maintained.

Precipitates

The plant is intended to separate coal cleanly into two fractions. The solvent vapour penetrates deeply into the natural pore structure of the coal particles. The hydrogen-rich fraction dissolved by this process simply precipitates when the pressure is lowered. The solvent itself, which has entered into no chemical reaction, is easily recovered and recycled through the plant—a vital aspect of process economics.

But the coal residue, although relatively lean in hydrogen, still has its uses. This too is cleanly separated from the solvent—there are no gummy remains to clog up filters—and proves to have the same calorific value as the original coal. In an integrated coal conversion plant the chemists see this residue being fed into a gasifier of some kind, probably one using the Coal Board's fluidised-bed combustion technology, to yield a hydrocarbon gas either as fuel or feedstock for further conversion.

The supercritical extraction plant now being commissioned at Stoke Orchard is envisaged as the precursor of a £15m. demonstration plant consuming up to 1 ton of coal an hour, probably located at a colliery. The scientists are hoping that this might be funded as a national development pro-

gramme, or—as with the £17m. fluidised-bed experiment under construction at Grimethorpe Colliery—by the International Energy Agency.

Coals differ widely in their structure and composition, so an important part of the research has been to explore the behaviour of different coals which might be expected, non-caking coals, high in volatiles, show the greatest promise. In partnership with a U.S. company, Catalytic Incorporated, subsidiary of Air Products and Chemicals, Stoke Orchard has investigated U.S. coals such as Illinois 6. This collaboration has also delved into process economics for a prospective integrated coal refinery consuming 3m. tons a year, to conclude that the results are encouraging.

But to transform the glassy, easily melted extract into a chemical feedstock or fuel would call for another big process step, also being demonstrated on pilot-plant scale at Stoke Orchard. This is hydrocracking technology, which simultaneously supplements the hydrogen content of the coal extract while cracking it to a catalyst into liquid and gaseous hydrocarbon fractions. In what Dr. Gibson calls a delightful example of collaboration between the coal and oil industries, British Petroleum has provided a small, high-pressure continuous hydrocracker. It involves pressures still higher than supercritical extraction—up to 5,000 lbs per square inch.

Already the hydrocracker has notched up about 1,000 hours. The NCB chemists have produced a passable synthetic petrol called Cresto—Chemical Research Establishment Stoke Orchard—from coal by this process. At around 84 its octane rating is too low, but was easily boosted to over 90 to allow Mr.

Alex Eadie, to drive a lawn mower running on Cresto on a recent visit to the laboratories. The next two or three years—says Dr. John Whitehead, the chemical engineer who designed the supercritical extraction plant—should show whether a coal refinery based on such processes is a serious technical proposition.

But what point might be served in opening up an entirely new market for British coal, to replace those lost in the gas industry, railway and domestic markets since World War II, if the mines themselves cannot deliver? Sir Derek Ezra has delivered many warnings about the declining productivity of his miners. His principal customer, the electricity industry, which accounts for over 60 per cent of his sales, delivered a sharp warning last month that the kind of coal price increase forecast by the new wage levels being sought by British miners could mean a cut in the electricity industry's demand by 10m. tons next year.



Sir Derek Ezra, chairman of the NCB.

ite Plan for Coal on coal research ment under the of Mr. Alex or energy minister he NCB, the coal Government are working up the series of demonstrations of technology. Before the year, says Dr. Joe CB's new member the working party Treasury blessing ase in coal utilis-

British develop- refining were un- Derek Ezra, NCB he opened the hition at Stoke nty. It portrayed n of Lord Robens scientist, Leslie running coal and side-by-side as as edging towards ng new uses for Derek, was going ortant to the coal ure as exploration a. coal conversion

Productivity

Although electricity's consumption of coal rose last year, total output of saleable coal from NCB pits fell by nearly 5m. tons, to only 118m. tons. And this was in spite of the introduction of the "advanced mining technology" programme. This is the plan to install integrated coal-cutting systems, bringing together the most advanced ideas in a package tailored to the specific conditions of the mine. Advanced mining technology is already being installed on at least one colliery in each of the 12 NCB mining areas.

But the NCB acknowledges that advanced mining technology is only a partial answer to greater pit productivity, and

one that still leans heavily on the presence of the miner close to the coalface. For the immediate future—the period to 1985 covered by the Plan for Coal—the NCB is depending heavily on opening up rich new veins such as Selby, Belvoir and the new anthracite discoveries in South Wales. These discoveries are intrinsically more productive, than some of the well-worked veins of to-day.

But the commercial coal refinery is probably 15 or 20 years away yet. It will take this long to prove the technology and—not least—the safety of the advanced chemical engineering involved. It will probably take the same time for the price of oil and natural gas to rise to levels in Britain where coal conversion can seriously compete.

By then the NCB hopes it will have a new approach to the winning of coal: one that avoids the necessity for a large underground workforce exposed to the dust, explosion, rock fall, traffic, and other hazards of the deep mine. Ideally, it will have a coal-mining technology that matches the elegance of its "white-collar" coal refinery concepts.

The most obvious question is whether a process such as supercritical extraction might be applied to the coal seam itself, much as steam is used to extract sulphur. As a principle it would be akin to underground gasification, which also leaves a substantial fraction of the coal in the ground.

The idea seems to have two serious difficulties. One is the problem of maintaining the very high pressures required for fairly rapid extraction, at rates perhaps 10,000 times as fast as might be achieved by unpressurised solvent. The other is that, compared with steam, toluene is a relatively expensive

solvent and the nature of coal strata is such that there would be a serious risk of its disappearing through a fissure.

We simply don't see how to use the supercritical extraction in situ mining, admits Dr. Gibson. But his scientists have not given up. He sees it as a "way out" possibility, a solution to which may yet emerge from the work of a study group being set up at the NCB's other main research centre, the Mining Research and Development Establishment at Bretby, Derbyshire.

Over the past year this laboratory has been seeking advice very widely from leading research centres on ideas that may lead to a new way of

Letters to the Editor

As for the interest rate charged by Access is concerned, it is of course true that if borrowing funds over a period of 12 months, the rate can work out at nearly 23 per cent. For those like myself, however, who use it as a charge card and pay the complete sum back monthly one is, in effect, obtaining between four and six weeks free credit for which Access has to pay 7 per cent or so. I believe about 50 per cent of credit card customers come into this category. Those who borrow for short periods pay considerably less than the maximum.

Lastly Mr. King states that the giants of High Street credit trading do not discriminate against their long standing customers. I am afraid that I can give two instances where this is just not true. For years I had a subscription account with Hepworths, the tailors, for which no interest was charged. The present rate charged is 2 per cent per month. The second example is Blue Star Garages which had a charge card scheme, for which no subscription was levied but accounts had to be settled monthly. I had one of its cards for 10 years until July when I was told that in future there would be an annual subscription of £4 plus VAT per card. Settlement is now within 14 days of the statement after which 2 per cent per month interest is charged. It has lost my custom.

It is worth bearing in mind that there is no subscription fee with Access and it is used as a charge card in use and in my experience second to none.

B. G. W. Jamieson,
13 Ruswick,
Tunbridge Wells, Kent.

No conflicting loyalties

From the Features Editor, The Times

Sir—As one who might be described as an independent member of the Equal Opportunities Commission—I am Features Editor of The Times newspaper. I would like to comment on the allegations of "divided loyalties" among those of my fellow members who are associated with TUC, CBI or educational establishments. (A "creature of government," September 21).

These members of the EOC, of course, have the interests of their organisations and their own members at heart, but such interests are not inimical to the interests of all women—and all men for that matter.

In no circumstances in our discussions which have continued for almost two years have I seen any evidence of conflicting loyalties. In contrast, all EOC commissioners have co-operated wholeheartedly to reach unanimous decisions.

Margaret Allen,
P.O. Box 7,
New Printing House Square,
Gray's Inn Road, W.C.1.

Pre-contract analysis

From Mr. J. Dingle.

Sir—While I support Mr. D. Overton's general view (September 22) that thorough pre-contract analysis is crucial to the profitability of major export contracts, I suggest his emphasis on the alleged lack of com-

mercial training in the education of professional engineers obscures two factors which are likely to be more immediately relevant.

(1) Research into the potential of new market areas is too closely identified with analysis of supply-demand balances, and not concerned enough with evaluating commercial (including political) practice in such areas. Effective market research needs to have the scope of overall "Business Research."

(2) The views of the eventual project manager should be given equal weight with those of the sales manager in pre-contract decision making. This is possible only if the project manager is himself involved in key negotiations with the prospective buyer.

Neither factor depends on the engineering background of would-be exporters. Performance in both can no doubt be improved by some form of education. But I rather doubt that academic "management thinkers" (to use Mr. Overton's phrase) would be adequately equipped to provide guidance. It is to make a useful contribution to the profitability of technological exports, will have to come from those in up-to-date and practical contact with the technology and with the markets.

John Dinzie,
Suite J, Harcourt House,
19, Cavendish Square, W.1.

Indices are too broad

From Mr. M. Ashfield

Sir—Yet another letter on accounting for inflation—but (I hope) a fresh issue. Anthony Harris wrote on September 7 (page 2) concerning the use of indices already appearing from the Department of Industry, to adjust historic to current values: "No difficulty there..." I think his optimism about those indices is unjustified. Indeed, I suggest their use will introduce fresh distortions into the comparison of companies' performance with that of other companies, and the comparison of one industry with another.

Most of the indices available from the Central Statistical Office for the prices of specific assets, are too broad in their coverage. There is, for example, only one figure to cover each of the following: cranes, passenger cars, office equipment and machinery, compressors, stationary engines and steam turbines, lifting and winding devices. There are only two figures to cover all metal-working machine tools, and two to cover all machinery used to process food and drink, bottles and cans.

Even worse, these asset-specific indices only cover equipment and machinery produced in the U.K., and do not cover anything imported. Thirdly, although the CSO makes a rough adjustment of its indices for the effects of inflation, it fails to try to take account of imported equipment, these industry-specific figures will be of no use to the many firms whose activities spread across several different industries. Moreover, a firm which is only in engineering (for example) will not be helped by having to use one industry index, along with about 20,000 other firms in that vast industry.

The point is that if the composition of a firm's assets and/or the age of those assets is not the same as the composition of the assets used by the firms in the CSO's over-broad categories, the firm's results will be biased — and whether favourably or unfavourably, neither the CSO can tell. What is more, the whole industry which is modernising its equipment more rapidly than another industry may be unfairly penalised, if the firms within it use the CSO's asset-specific indices. In an age when many firms have over a quarter of their production abroad, there is in the official booklet only the vaguest of hopes for setting asset-specific indices to cover other countries.

I have the highest admiration for the official statisticians, and I agree with the people who say "whole must account for inflation." It may be that my anxiety is misplaced, and the sensitivity of company accounts to the biases listed above is small. I suggest, however, that more frankness and greater precision must come from the CSO before its figures are used.

M. A. F. Ashfield,
22 Highfield Road,
Fitcham Road,
High Wycombe, Bucks.

Competing for foreign orders

From the Head of the Marketing Faculty, Ashridge Management College.

Sir—The insight reflected in Mr. Overton's letter (September 22) demands fuller development if we are to meet the commercial challenges identified by him in securing and then profitably implementing major foreign projects.

Our problems arise from four major sources. Most training in salesmanship still assumes that sales arise from a two person, salesman / buyer, interaction, whereas the reality is that teams from buying and selling organisations interact to produce sales, with all the political problems that this raises. Add to this the fact that customer and seller will often be involved with Governments of the two nations and it is clearly a matter of common sense (if that is the appropriate word) needs to focus on how to manage the complex interpersonal/political problems.

Conventional salesmanship concentrates on getting the order and hardly at all on the important need to get the purchase into use with maximum organisation-wide commitment and satisfaction from the customer. This means understanding the customer in depth and from the beginning of the selling period effectively acting as a consultant to the buyer on implementation.

There seems to be limited understanding of sophisticated investment appraisal approaches, used by customers, and less understanding of sensitivity and risk analysis. Knowledge in these areas has two effects: it minimises the chance of occurrence of the type of problem now faced in Nigeria; additionally it allows the salesman to persuade the customer to change some of the shaky assumptions underlying most project appraisals.

As Mr. Overton points out, too many British organisations concentrate on offering exclusively technological solutions to customer problems. Current research shows the importance of service (nearly eighty separate elements have been identified)

To-day's Events

GENERAL
International Monetary Fund and World Bank annual meetings open in Washington.

EEC Agriculture and Fisheries Ministers begin two-day meeting in Brussels.

Special meeting of panel of Senate Foreign Relations Committee in Washington to discuss proposed unilateral policy declaration by U.S. Government to extend U.S.-Soviet Strategic Arms Limitation agreement beyond October 3.

Liberal Party Assembly begins in Brighton with four informal commissions and an all-day seminar on energy, with particular emphasis on nuclear energy.

National union officials in talks on a dispute of production workers at British Leyland's Lancashire bus and truck factories.

New rules in operation for sale of cheap Stand-by and Skytrain airline tickets and first flight of Laker Skytrain from Gatwick to New York.

Increase in some bread prices. Retailers' agreement comes into effect to limit profit margins to 5 per cent on three big selling lines of instant coffee—for some small shops the limit will be 7 per cent.

Mrs Margaret Thatcher, Conservative Leader, continues tour of Scotland.

Mr A. Wedgwood Benn, Energy Secretary, opens National Energy Managers' Conference—expected announcement of Government's latest energy saving proposals with new tax incentive among measures being considered.

Mr. John Methven, director general of CBI, addresses Food Manufacturers' annual conference, Grosvenor House Hotel.

Mr William Rodgers, Transport Secretary, opens International Symposium of European Conference of Ministers of Transport, Imperial College, London.

Mr Fred Mulley, Defence Secretary, opens Electronics Exhibition, Royal Lancaster Hotel, London.

Statement by Prince Philip at end of Industrial Society conference, Buchanan Arts Centre, Aberdeen University.

Sir Robin Gillett, Lord Mayor of London, attends luncheon with chairman and Board members of the Port of London Authority at World Trade Centre, E.1 and later receives Senor Manuel Tello, Mexican Ambassador, at Mansion House.

British Fashion Fair opens at National Exhibition Centre, Birmingham.

COMPANY RESULTS
Flons (half-year), John Laling and Sen (half-year), Willis Faber (half-year).

COMPANY MEETINGS
See Week's Financial Diary on Page 12



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convenience of readers the dates when some of the company dividends may be expected in the following table.

Table with columns: Date, Announcement last year, Date, Announcement this year. Lists various companies and their dividend dates.

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Table with columns: 1977 High, Low, Stock, Change, %.

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Table with columns: 1977 High, Low, Stock, Change, %.

"RIGHTS" OFFERS

Table with columns: 1977 High, Low, Stock, Closing Price, %.

Works Loan Board rates

Table with columns: Rate, %.

BASE LENDING RATES

Table with columns: Bank, Rate, %.

INTERNATIONAL COMPANY NEWS Strong interim upsurge by Straits Trading

FINANCIAL TIMES REPORTER SINGAPORE, Sept. 25.

AN INCREASE in first half profits of more than a fifth is announced by Straits Trading...

Malayan Breweries

SINGAPORE, Sept. 25. PRE-TAX profits of Malayan Breweries rose by 11 per cent...

Swiss RE. lifts dividend

ZURICH, Sept. 25. AN INCREASE in annual dividend from Sw.Frs.90 to Sw.Frs.100...

Oetker sales slip lower

FRANKFURT, Sept. 25. THE OETKER family, which controls a widely diversified group with interests in food...

German bond trading

FRANKFURT, Sept. 25. TRADING resumed to-day in three eight-year 10 per cent German public sector loans...

Money and Exchanges

Bank of England Minimum Lending Rate 6 per cent. Interest rates were fairly steady in London last week...

Swiss franc. The Swiss authorities probably gave some support to the dollar, following a report that Switzerland's policy even if this leads to an appreciation of the Swiss franc.

Table with columns: Sept. 25 1977, Sterling, Interbank, Local Authority deposits, etc.

Table with columns: Sept. 25, Gold Bullion, Gold Bars, etc.

Table with columns: Sept. 25, Market Rates, Argentina, Australia, etc.

Table with columns: Sept. 25, Forward Rates, One month, Three months, etc.

Table with columns: Sept. 25, Exchange Cross-Rates, Frankfurt, New York, etc.

Table with columns: Sept. 25, Currency Rates, Euro-French deposit rate, etc.

Table with columns: Sept. 25, Euro-Currency Interest Rates, Euro-French deposit rate, etc.

Cross-currents buffet Western Mining

BY LODESTAR

"THE COMPANY and its subsidiaries constitute one of Australia's largest diversified mining groups. It is the fourth largest integrated nickel producer in the non-Communist world...

Western Mining will do nothing alone to exploit Yeelirrie and Roxby Downs Australia will have a major role to play in the near term...

So Western Mining is not without some long-term sources of share market stimulation while the nickel market must surely revive eventually...

Speculative lure Even so, income from these

INSURANCE Inflation increases need for adequate profits

BY OUR INSURANCE CORRESPONDENT

MEMBERS OF the Chartered Insurance Institute attended the 76th annual conference last week. The conference, as usual, was a formal business affair...

London tea sales

At the tea sale held in London last week 49,947 packages of gold-leaf tea were sold...

THE LOW & BONAR GROUP LIMITED

Issue of up to £2,459,691 1 1/2% per cent Convertible Unsecured Loan Stock 1982

John Bull and the china shops

BY DAVID FREUD

POTTERY was one of the earliest signs of civilisation. With textiles it is also among the first modern industries that most developing countries strive to establish. Yet in complete contrast to the textile manufacturers in the U.K., who have been retreating before foreign cheap-labour competition for decades, the British pottery industry has moved from strength to strength in the last 50 years.

The industry is based in Stoke on Trent in North Staffordshire, where about 80 per cent of total production is concentrated. The scientists—Arnold Bennett left out Fenton—are among the most unworldly-looking in the country. Yet more than 50 per cent of Stoke's pottery production is for foreign exportation, a proportion believed to exceed that of every other industry except South Wales.

This high level of exports is not a new phenomenon. Mr. Sam Jerrett, the director of the British Ceramic Manufacturers Federation, claims that the proportion has never dropped below 40 per cent in the past 25 years.

Over the same period, growth has been steady. There have been few years in which overall output did not increase. Dominating the industry with 60 per cent of sales is the tableware sector. Its strength—especially in exports—has disguised the poorer performance in the last few years of in utilitarian ware and tiles.

Direct exports of tableware last year totalled £50.2m, about 60 per cent of production. Indirect exports, purchases by tourists, are estimated to amount to as much as another 20 per cent. Imports by contrast were worth only £2.1m. Exports this year look set to exceed the £100m mark, easily in the first five months of the year they were £45.2m compared with £31.6m in the same period of 1976. In volume terms the increase was 11 per cent.

The spectacular rise in ex-

ports in the last 18 months is attributed by Mr. Jerrett to the weakness of sterling. Yet thorough marketing effort was required to capitalise on the competitively-priced currency.

British china is a quality product. The leading product—bone china, so-called because it is at least 35 per cent calcium phosphate or calcined bone—is technically a difficult product to make. Few foreign competitors try, although Korea, Japan and Taiwan produce some. Helped by the mystique that attaches to anything unique, bone china manufacturers claim their product is whiter and better than the foreign equivalent, porcelain. More important, many consumers agree with them and are prepared to back their taste with cash.

Using bone china as their standard, British manufacturers have been able to exploit their penetration of foreign markets by exporting earthenware and stoneware products, even in the case of Royal Doulton Tableware, developing non-bone china lines on the continental model.

It is not an industry in which long production runs are common. The manufacturers break each foreign market down into a number of sectors and aim to produce ware planned specifically to appeal to them. This is not an approach designed to allow standardisation. No fewer than 50,000 different items are produced by Royal Doulton, which divides 65 per cent of the industry's turnover fairly evenly with Wedgwood.

Mr. Richard Bailey, chairman of Royal Doulton, said: "We define ourselves as a marketing organisation. Our job is to identify the needs of each of our world markets and satisfy those needs. Success in building our position in the last 25 years has been due to our use of sophisticated but extremely effective design research techniques to predetermine the market receptivity to new designs before they are intro-

duced." With such great variety, automation has inevitable limits. The British Ceramic Research Association, whose work is closely tied to the needs of the industry, developed machinery for producing spray dried bodies. The clay dust as opposed to wet clay processes allowed better batch control. However, the industry has not taken up the idea because its short runs would make it uneconomic. The West German industry, which is less market-oriented and has longer production runs, is now investigating the process.

According to Mr. Bailey, "We've automated those parts of the production process which represent the donkey work. The skills, artistry and craftsmanship are preserved because they represent the quality built into the product." At Wedgwood's main factory at Barlaston, this process has allowed output per person exactly to double in the last 21 years.

The industry's performance would have been impossible without its rapid rationalisation over the last 15 years. The number of companies has declined from about 200 to 10 big ones. The process has brought no closures, although only three new plants have been built.

Mr. Jerrett said: "We saw the need for rationalisation in plenty of time and I cannot believe we could have existed without it." The main effect has been to concentrate overseas marketing effort. Mr. Peter Williams, the deputy chairman of Wedgwood, explained how Coalport, hardly known in the U.S. before Wedgwood took the company over, was now a major sales success in that country.

"It got its strength from being part of a world-wide group. All we did was to put it on the shelves. Now it has its own sales division."

The effect of rationalisation in Wedgwood's case can be seen by comparing output in 1956 with the consistent factors and



Sir Arthur Bryan, chairman of the Wedgwood Group watches the hand-painting process at the company's Barlaston Pottery.

companies that now make up Wedgwood probably had a turnover of £4m. This year turnover is projected at £75m. Inflation hardly makes a dent on the contrast.

Investment levels are high. Royal Doulton Tableware, which completed reorganisation last year, is plunging back £5m this year when turnover is expected to be up in real terms on last year's £59m. Wedgwood, employing around 10,000—like Doulton—reinvests about £4m each year, on top of a £74m 21-year expansion programme which began 12 months ago.

Tableware manufacturers have been able to develop a world market in which their structure—many small factories, rather than a few major centres—allows flexibility and the shorter production runs required. Added to that are an expert and dedicated workforce and long-established overseas sales operations. The final element is a reputation—or a series of reputations—that has taken decades of patience to develop.

A FINANCIAL TIMES SURVEY THE TOY INDUSTRY OCTOBER 6 1977

The Financial Times is preparing to publish a survey on the toy industry in its edition of October 6, 1977. The proposed editorial coverage will include an examination of the industry's current situation and a discussion of its likely future development.

Individual articles will be devoted to the main sectors making up the industry. The main headings of the proposed editorial synopsis are set out below.

INTRODUCTION The last decade has been a period of problems and of consolidation for United Kingdom toy companies: old-established companies have collapsed, leaving a relatively small number of concerns to dominate the market. Abroad, big companies have also experienced difficulties. Nevertheless, sales have been continuing at healthy levels.

THE COMPANIES Who are today's giants in the toy industry? What is the likely future development of the industry's structure?

MARKET SECTORS A series of short articles will examine the following various sectors which make up the toy industry:

- Wheeled toys
- Dolls
- Pre-school toys
- Stuffed toys
- Kits
- Diecast toys
- Games
- Electronic toys
- Executive toys
- Others

RETAILERS The number of retailers has fallen but Britain still has some 4,500 toy shops; mail order buying accounts for about 20 per cent of the market.

TOY FAIRS The toy fairs are traditionally regarded as critical for the launching of new products; but in the United States the fairs have become steadily less important. What is the trend in Britain?

INTERNATIONAL TRADE A high proportion of the British industry's production is exported; licensing arrangements are important and the sale overseas of obsolete manufacturing equipment is also proving profitable.

THE UNITED STATES The United States toy market this year is expected to amount to \$3.6bn; a significant proportion of this total will be spent on British toys.

TOYS IN THE SALEROOM There is a growing interest in old toys among collectors—an interest illustrated by the recent sale of the Dunbee-Cornbe-Max collection of toys discovered in one of its United States factories.

The proposed publication date is October 6 1977. For full details of the proposed editorial synopsis and advertising rates contact Anthony Brown, Financial Times, Bracken House, 10 Cannon Street, London EC4P 4BY. Tel: 01-248 8000, ext. 246. Telex: 855033 FINTIM G.

FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

The content and publication dates of surveys in the Financial Times are subject to change at the discretion of the Editor.

ASSESSMENT

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Indices

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FTSE 950	456.78
FTSE 1050	345.67
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FTSE 1250	123.45
FTSE 1350	11.23
FTSE 1450	10.12
FTSE 1550	9.01
FTSE 1650	8.90
FTSE 1750	7.89
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History TODAY

Edited by Peter Quennell and Alan Hodge

The September issue includes:

NANA SAHIB AT CAWNPORE, 1857

by Christopher Hibberd

The massacre at Cawnpore was one of the events in the India Mutiny not expected by benevolent British Commanders.

MATTEO RICCI IN CHINA, 1583-1610

by Nora G. Buckley

Father Ricci spent many years on his mission near Canton but eventually his skills in mathematics and astronomy were welcomed in Peking.

THE STRAND BLOCK OF SOMERSET HOUSE, 1780-1836: Part II

by Sonia and Vivian Lipman

Besides the Royal Academy, the building housed the Royal Society and the Society of Antiquaries.

THE BRIGHTON CHAIN PIER

by L. W. Cowie

For seventy years a feature of the fashionable resort on the English South coast.

COBBETT'S VIEWS ON SCHOOLS

by Molly Townsen

Cobbett himself was largely self-educated, and contemporary schooling he regarded as 'a melancholy thing to behold'.

THE LAVALLETTE AFFAIR, 1815

by Michael Glove

Rescuing a victim of French vengeance.

Now on sale 50p. Annual Subscription £6.70 (U.S.\$16.00) from Bracken House, Cannon Street, London EC4P 4BY

Handwritten signature or note in a box.

MARKETS

U.S. money supply move anticipated

On Friday the U.S. money supply was expected to rise by \$1.5 billion...

The successful placement of the Citicorp issue would seem to depend on two main factors...

Another aspect of the same issue is that Citicorp is regarded as a high quality issuer...

BONDTRADE INDEX

Table with columns: Bond Type, Sept. 23, Sept. 16, High, Low. Rows include Medium term, Long term, Convertible.

EUROBOND TURNOVER

Table with columns: U.S. \$ Bonds, Other Bonds, Last week, Previous week, Last week, Previous week.

The sharp rise in inter-bank rates last Thursday has put pressure on the Citicorp Europe—the six two-tranche deal...

Indices

RK-DOW JONES

Table with columns: Date, High, Low, Close. Rows for Sept 22, 21, 20, 19, 18, 17, 16, 15, 14, 13, 12, 11, 10, 9, 8, 7, 6, 5, 4, 3, 2, 1.

D POOLS

Table with columns: Date, High, Low, Close. Rows for Sept 22, 21, 20, 19, 18, 17, 16, 15, 14, 13, 12, 11, 10, 9, 8, 7, 6, 5, 4, 3, 2, 1.

N.Y.S.E. ALL COMMON

Table with columns: Date, High, Low, Close. Rows for Sept 22, 21, 20, 19, 18, 17, 16, 15, 14, 13, 12, 11, 10, 9, 8, 7, 6, 5, 4, 3, 2, 1.

MONTREAL

Table with columns: Date, High, Low, Close. Rows for Sept 22, 21, 20, 19, 18, 17, 16, 15, 14, 13, 12, 11, 10, 9, 8, 7, 6, 5, 4, 3, 2, 1.

TORONTO

Table with columns: Date, High, Low, Close. Rows for Sept 22, 21, 20, 19, 18, 17, 16, 15, 14, 13, 12, 11, 10, 9, 8, 7, 6, 5, 4, 3, 2, 1.

JOHANNESBURG

Table with columns: Date, High, Low, Close. Rows for Sept 22, 21, 20, 19, 18, 17, 16, 15, 14, 13, 12, 11, 10, 9, 8, 7, 6, 5, 4, 3, 2, 1.

INDONESIA

Table with columns: Date, High, Low, Close. Rows for Sept 22, 21, 20, 19, 18, 17, 16, 15, 14, 13, 12, 11, 10, 9, 8, 7, 6, 5, 4, 3, 2, 1.

GERMANY

Table with columns: Date, High, Low, Close. Rows for Sept 22, 21, 20, 19, 18, 17, 16, 15, 14, 13, 12, 11, 10, 9, 8, 7, 6, 5, 4, 3, 2, 1.

JOHANNESBURG

Table with columns: Date, High, Low, Close. Rows for Sept 22, 21, 20, 19, 18, 17, 16, 15, 14, 13, 12, 11, 10, 9, 8, 7, 6, 5, 4, 3, 2, 1.

AUSTRALIA

Table with columns: Date, High, Low, Close. Rows for Sept 22, 21, 20, 19, 18, 17, 16, 15, 14, 13, 12, 11, 10, 9, 8, 7, 6, 5, 4, 3, 2, 1.

PARIS

Table with columns: Date, High, Low, Close. Rows for Sept 22, 21, 20, 19, 18, 17, 16, 15, 14, 13, 12, 11, 10, 9, 8, 7, 6, 5, 4, 3, 2, 1.

VIENNA

Table with columns: Date, High, Low, Close. Rows for Sept 22, 21, 20, 19, 18, 17, 16, 15, 14, 13, 12, 11, 10, 9, 8, 7, 6, 5, 4, 3, 2, 1.

AMSTERDAM

Table with columns: Date, High, Low, Close. Rows for Sept 22, 21, 20, 19, 18, 17, 16, 15, 14, 13, 12, 11, 10, 9, 8, 7, 6, 5, 4, 3, 2, 1.

TOKYO

Table with columns: Date, High, Low, Close. Rows for Sept 22, 21, 20, 19, 18, 17, 16, 15, 14, 13, 12, 11, 10, 9, 8, 7, 6, 5, 4, 3, 2, 1.

OSLO

Table with columns: Date, High, Low, Close. Rows for Sept 22, 21, 20, 19, 18, 17, 16, 15, 14, 13, 12, 11, 10, 9, 8, 7, 6, 5, 4, 3, 2, 1.

SWITZERLAND

Table with columns: Date, High, Low, Close. Rows for Sept 22, 21, 20, 19, 18, 17, 16, 15, 14, 13, 12, 11, 10, 9, 8, 7, 6, 5, 4, 3, 2, 1.

BRUSSELS/LUXEMBOURG

Table with columns: Date, High, Low, Close. Rows for Sept 22, 21, 20, 19, 18, 17, 16, 15, 14, 13, 12, 11, 10, 9, 8, 7, 6, 5, 4, 3, 2, 1.

MILAN

Table with columns: Date, High, Low, Close. Rows for Sept 22, 21, 20, 19, 18, 17, 16, 15, 14, 13, 12, 11, 10, 9, 8, 7, 6, 5, 4, 3, 2, 1.

STOCKHOLM

Table with columns: Date, High, Low, Close. Rows for Sept 22, 21, 20, 19, 18, 17, 16, 15, 14, 13, 12, 11, 10, 9, 8, 7, 6, 5, 4, 3, 2, 1.

SEAS SHARE INFORMATION

RK-DOW JONES

Large table listing various stocks and their prices, including columns for Date, High, Low, Close.

Investment premium based on \$2.60 per \$-90% (98%)

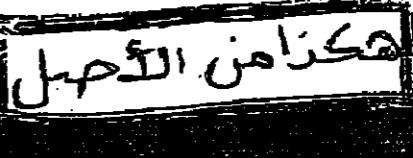
Large table listing various stocks and their prices, including columns for Date, High, Low, Close.

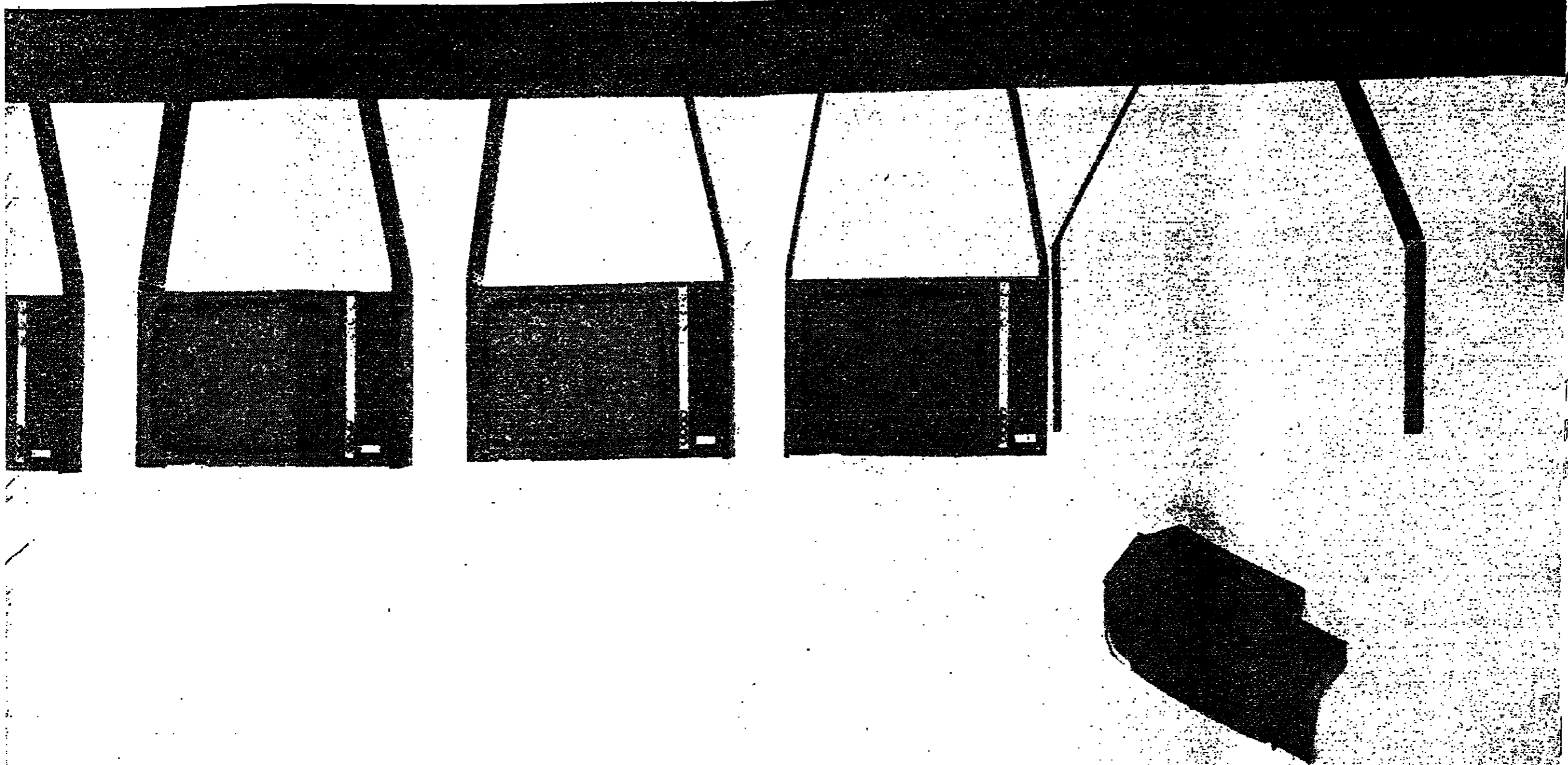
CURRENT EUROBOND ISSUES

Table listing Eurobond issues with columns: Borrower, Amount, Maturity, Av. life, Coupon, Price, Lead manager, Offer yield.

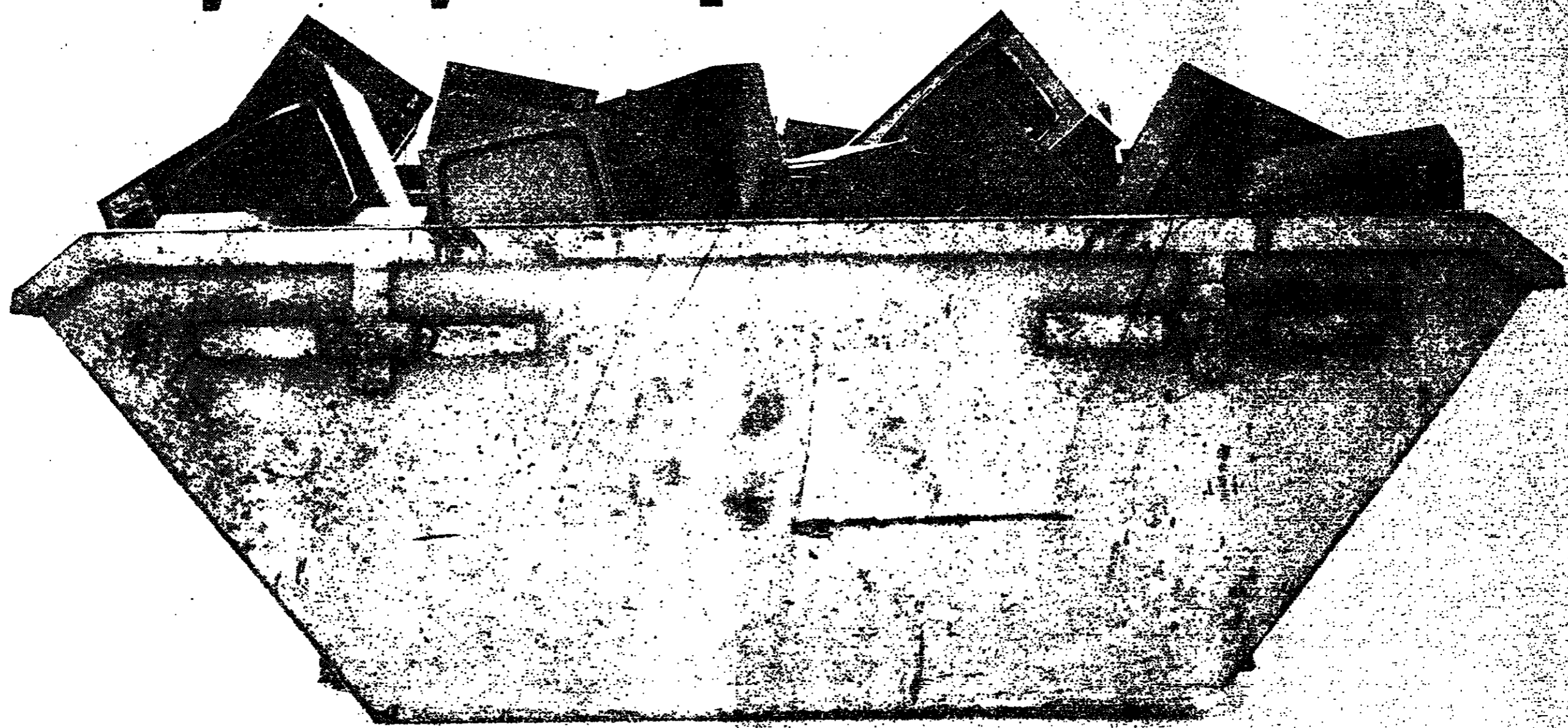
MARKETS

Large table listing various stocks and their prices, including columns for Date, High, Low, Close.





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It'll cost you a modest fee, up to £60 of it now being paid by us.

And when your consultant's report comes in, it should give you a detailed breakdown of your major energy losses. In one recent report, for instance, it was found that the mid-morning electricity peak demand in one factory wasn't due to a new milling machine, but to the profusion of office kettles.

In any event, with the money you can save, next year's production could reach an all time high.

To: Department of Energy, Free Publications, P.O. Box 702, London SW208SZ.

ENERGY SURVEY SCHEME: List of independent consultants

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1. The survey <input type="checkbox"/>	6. Flash steam and vapour recovery <input type="checkbox"/>
2. The sensitive use of steam <input type="checkbox"/>	7. Degree days <input type="checkbox"/>
3. Utilization of steam in process and heating <input type="checkbox"/>	8. The economic thickness of insulation for hot pipes <input type="checkbox"/>
4. Compressed air and overpressure <input type="checkbox"/>	9. How to make the best use of condensate <input type="checkbox"/>
5. Steam leaks and fuel wastes <input type="checkbox"/>	10. Controls and energy savings <input type="checkbox"/>

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Position: _____

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FINANCIAL TIMES SURVEY

Monday September 26 1977

Managing Energy

Today's National Energy Managers' Conference should mark an important point in Britain's developing energy policies. It should indicate the growing emphasis on the need for conservation, even though the country is close to fuel self-sufficiency.

beyond the theoretical 10 per cent. cuts.

This underlines another reason why today's conference is important. It recognises the role that can, and must be played by managers given the responsibility of curbing the use of irreplaceable fossil fuels. Some 700 delegates from industry, commerce and the public sector will almost certainly be told that over the next 25 years or so energy conservation has a more important role to play than the development of alternative energy sources.

To quote Dr. Cunningham again, energy conservation offered more potential for bridging the expected energy gap than all the alternative sources of energy put together. Conservation would save the country, the equivalent of 2bn. a year in fuel costs by the year 2000, he said. This was using proven conservation technology. "The alternative sources" of energy are as yet unproven technically; we do not yet know how economic they will turn out to be.

The Energy Department has recently come in for some sharp criticism by the Select Committee on Science and Technology over the Government's attitude to alternative energy. The Committee, reporting earlier this month, found that the Department had been too complacent about developing these new forms of energy; that Government spending on research and development had been "grossly inadequate"; and that the attitude to tidal power had been "excessively timid."

Expected

Mr. Wedgwood Benn was forced to concede that the Government may not have achieved the correct balance between investment in fossil and nuclear fuels, alternative energy and conservation. The way in which the Government will allocate resources is likely to be outlined in the keenly-awaited Energy Green Paper which is expected to be passed to the new Energy Commission for consideration sometime in November.

This Survey coincides with the Department of Energy's one-day National Energy Managers' Conference at the National Exhibition Centre, Birmingham.

If the Government can be criticised for complacency, then so must many large companies. It is true that in a number of cases the top management of firms have taken a constructive and deliberate approach to energy conservation. Companies like Courtaulds, Marks and Spencer, and Esso have had direction from the top that energy saving is a vital part of cost control. Or, to put it more positively, energy conservation is a means of generating extra cash flows.

Take Courtaulds. In the two years to January this year it had £10.5m. more cash to spend as a result of its energy conservation programme. That was the amount that would have been spent on fuel and power if, in 1974, the Board had not set an energy saving target of 10 per cent. There are many other examples that can be quoted: Vauxhall, to mention just one, spent £5,000 on time clocks for heating, ventilation and lighting and saved £38,000 in one year.

It is estimated that last year domestic, commercial and industrial users of energy saved well over £500m. worth of fuel. This means that the Government's "Save It" campaign may have been instrumental in reducing energy demand by some 8 to 9 per cent. as against the 2 per cent. saving in 1974. Economists argue over how much of that saving should be ascribed to public spirited conservation. Higher fuel prices have clearly helped to dampen demand, as they are likely to do in the future.

There are many in the energy industry who expect fuel prices to double over the next 20 years. It is even being suggested in the Millbank headquarters of the Energy Department that prices may triple by the end of the century. And it must be remembered that these forecasts are made on the basis that the increases will be in real terms. Energy self-sufficiency which

should be attained in the next two years, will not shield the U.K. from rising prices. The benefit will be seen in terms of the external trade balance and the taxes and royalties that will be paid by offshore oil and gas operators.

Danger

For a relatively short time—perhaps a couple of decades—Britain will be producing all the oil, gas, coal, nuclear and hydro-electricity it will need: an almost uniquely happy position. But there is a hidden and real danger that we will fall back into bad habits and disregard the need to save fuel and develop alternative forms of energy. It is a danger concerning the Government, energy producers and energy managers alike for if this happens Britain will eventually find itself at a serious disadvantage to other trading nations which (because of their import requirements) are being forced to take immediate action.

The question must be asked, therefore: is the Department of Energy doing enough or is it too complacent, as the Select Committee on Science and Technology suggests? The answer should come in the Energy Green Paper.

It is unlikely that the Energy Secretary will reveal a bumper package of conservation measures to-day, however much this might be keenly awaited. But he could give a few hints about possible developments.

For instance, the Government is committed to its Save It campaign for at least the next three years. By the end of March about £8m. will have been spent, including some £2m. on a current campaign which links like spawning some controversial television advertisements.

Some of the existing measures may well be retained, such as the energy survey scheme which provides modest

financial help towards the cost of hiring energy consultants; the Department of Industry's energy audit and energy thrift schemes; and the Government's energy technology support unit. Indeed the flow of technical information may well be increased.

There must be a question mark over the effectiveness of the energy saving loan scheme, however. This was introduced as a safety net to provide companies with loans if they were unable to raise cash for conservation measures elsewhere.

Very few companies have taken advantage of the loan scheme, mainly because it offers no carrots. The interest rate matches commercial rates. Industry has generally taken the attitude that if they could not raise the money on the market, or generate the capital internally, the job was not worth doing.

Much more could be done to encourage energy conservation, towards making amends.

Insulation standards could, and should be improved. There might be a case for giving fiscal or tax incentives to companies and householders installing energy-saving equipment. (The Select Committee on Science and Technology wants Government grants to be paid towards those who install solar heating equipment.)

Such carrots might be introduced although they may well be accompanied by a "stick" of some form: perhaps some long term penalty for those who fail to tackle energy conservation.

If a company is to get to grips with energy problems and keep abreast of new legislation and conservation technology it must appoint a manager with these special responsibilities. What is more the manager must have the support of the main Board. So far this has been recognised in too few instances. To-day's conference may go some way towards making amends.

wasted
w's output

Transport and distribution

Despite the bad freight market, second-hand tanker values have kept up reasonably well. Even though speculation is not the trend at present, the purchase market in August saw a number of good operable charter rates and below

A certain amount of activity for Norwegian account for contracting of tankers—particularly special purpose tankers—has been noted recently in the new building sector. This, says a leading Norwegian broker, must be seen in relation to a better expectation in the long term for tankers than for other types of vessels. But the broker gives a warning that some of the tanker projects are at a preliminary stage and there is a long way to go before finalisation of the deals.

The gas carrier trade is a very highly financed sector of the energy market and most contracts for the use of lng and lpg (liquid petroleum gas and liquid natural gas) are arranged between governments and the carriers. Algeria is a case in point. Contracts are usually for an annual transport of gas regardless of the particular gas carriers involved.

Impact

But in the North Sea gas sector the U.K. and Norwegian governments are considering new gas-gathering schemes which will almost certainly add to the existing network of pipelines for natural gas supply. The impact on British and

Norwegian shipbuilding industries depressed by the shipping recession could be considerable. Last month British Shipbuilders were urged by the Shipbuilders' Society to turn to production of gas pipelines for the North Sea where there is estimated to be a potential £2bn. worth of orders.

The Society, worried about the lack of shipbuilding orders, says that an estimated 800-mile network will be needed for the gas fields. The figure is based on a survey commissioned by the Department of Energy but it now appears that a more modest gas gathering scheme will be implemented.

Diversification into pipelines and building chemical plants for processing gas and oil could also provide jobs for the shipbuilding industry's workers. The gas pipeline industry has many prospects but it may be subject to hazards. The British Health and Safety Executive, for example, is to undertake a full hazard evaluation of Shell's proposed 126-mile natural gas liquids pipeline from St. Fergus to Fife.

The Grampian planning, property and development committee, with four North-East district councils, has objected to the pipeline which would carry Brent Field gas liquids to Shell's proposed complex at Mossmorran in Fife. The committee is concerned about the projected route of the pipeline, which would pass 1 mile from the northern end of the main runway at Aberdeen

Airport and only 30 yards from the Aberdeen suburb of Westhill.

At Mossmorran Shell/Esso and Esso Chemical are seeking planning permission to build a gas liquids separation plant and an ethylene plant. Along with the associated storage and jetty facilities at nearby Braefoot Bay, the project could cost in excess of £430m.

Earlier this year Sir Denis Rooke, chairman of British Gas said that he did not accept the alarmist stories about a vast energy gap in the 1990s. Dr. John Cunningham, Parliamentary Under-Secretary of State for Energy has said that the biggest challenge facing the gas industry must be the eventual and inevitable decline in natural gas supply and its replacement by synthetic natural gas (sng). British Gas, he says, is already well prepared for the development of an industry based on substitute natural gas.

"We are laying the foundations for the security of gas supply by developing the technologies which we may one day need to make substitute natural gas from coal or oil."

James McDonald

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Oil and gas needs

OIL AND GAS account for the majority of the energy used in the U.K. In line with other developed countries, Britain has taken full advantage of these flexible and easy-to-handle fuels.

The Government's Digest of U.K. Energy Statistics tells us that in terms of inland consumption of primary fuels, oil accounts for 40.7 per cent, demand and natural gas 17.8 per cent. When considered on a heat supplied basis, oil and gas together meet 70 per cent of the requirements. Two-thirds of industry's energy consumption, again on a heat supplied basis, is met by oil and gas while transport—another important factor in industry's costs—relies almost entirely on oil products.

So much for consumption. On the other side of the coin we find that the whole of Britain's gas industry is now linked to North Sea fields. The country is self-sufficient in natural gas. And North Sea oil is flowing at an increasing rate so that by the end of next year it should be meeting two-thirds of domestic requirements and by late 1979 should be the equivalent of U.K. oil consumption.

In short, the picture of Britain's energy supply and demand balance is rosy. The net benefit of the offshore oil programme on the country's external payments should be as much as £7.5bn in 1985 (at 1976 prices), according to the latest Treasury estimates. Within the next three or four years the balance of payments benefit arising from offshore gas-fields could be as much as £4bn annually. On top of all this the total Government tax and royalty revenues from gas and oil production will rise to some £3.5bn a year by the mid-1980s.

This attractive facade hides some dangerous pitfalls, however. No one can be certain how long this happy state of affairs will last. There is a real danger that the Government and energy users will be lulled into a false sense of security only to be rudely awakened by the sirens of an energy crisis. Only last week, the Department of Energy was criticised by the Select Committee on Science and Technology for being complacent towards the development of the alternative renewable forms of

energy. In turn the Department of Energy is stepping up its campaign to convince private, commercial and industrial interests to be more energy conscious.

But there is another cause for concern, particularly for industry, masked by the happy self-sufficiency statistics. Oil and gas prices, now at levels undreamed of five years ago, will continue to go up. North Sea production will not insulate U.K. consumers from the increases.

Hazardous
 Predicting the extent of future price rises is a hazardous business. It is partly dictated by world economic factors but, as past events have shown, political influences also have a bearing. Sheikh Ahmed Zaki Yamani, the Saudi Arabian oil minister, recently gave a fresh warning that oil supplies would continue to be used as an oil weapon. He apparently told Japanese politicians that Saudi Arabia would limit production to 5.5m barrels, a move which could seriously disrupt the international supply of oil once economies begin to improve.

The two-tier oil pricing system, introduced by members of the Organisation of Petroleum Exporting Countries in January, came as a surprise to virtually everyone in the oil industry. Fortunately, the crude prices have been brought back into a uniform structure, roughly 10 per cent higher than last year. In recent months, however, slack demand and high stocks have resulted in some discounts being offered by oil producers.

It is on the cards that OPEC will implement another small price rise in January—a 5 per cent increase is seen as likely by many observers. Although Saudi Arabia and the United Arab Emirates will probably repeat their calls for pricing restraint it is a fair bet that the majority of OPEC members will want to see some adjustment, particularly as they were dissuaded from imposing a 5 per cent rise in July.

The Henley Centre for Forecasting recently published its own thoughts on how crude oil prices might rise over the next 14 years. Taking a base case of \$12.50 a barrel in 1976, the Centre forecasts that by the

U.K. INDUSTRIAL ENERGY PRICE TRENDS

	Coal (1) (\$ per ton)	Gas (2) (p per therm)	Fuel Oil (3) (\$ per ton)	Electricity (4) (p per kWh)
1975	19.50	4.95	41.05	1.250
1976	22.70	7.80	47.40	1.468
1977	24.50	8.50	52.85	1.600
1978	27.70	9.50	57.60	1.774
1979	30.20	10.40	62.80	1.932
1980	32.50	11.20	67.50	2.000
1980-85	Average annual increase 5.5	6.5	5	4.8

- Estimated from average pithead prices paid for average industrial grades of coal and using average transport costs.
- Average cost per therm—it may not reflect marginal gas prices for consumers negotiating contracts or those on special tariffs.
- Estimated delivered price for fuel oil to medium, large customers including rebates and taxes.
- Average cost per kilowatt hour invoiced to large industrial customers.

Source: Henley Centre for Forecasting.

POSTED PRICES FOR REFERENCE CRUDE OIL

	Increase %	Forecast Price Range \$ per barrel
1976	—	12.50
1977	6.7	13.25-13.28
1978	5.6	13.91-14.25
1979	6.8	14.75-15.39
1980	5.7	15.49-16.46
1981	4.6	16.10-17.45
1981-1986	3.7 per annum	20.00-23.13
1986-1991	0.5 per annum	21.88-28.13

Source: Henley Centre for Forecasting.

mid-1980s oil prices might be in the \$20 to \$23.13 a barrel range and by 1991 could be as much as \$28.1 a barrel. These figures support the warning, made last week by Dr. John Cunningham, Parliamentary Under Secretary of State for Energy. "If fuel prices rise more rapidly than other costs," he said, "the case for spending on energy-saving is even stronger. All the indications point to such a rise in energy prices, perhaps a doubling in real terms by the end of the century."

It is worth remembering, in this context, that the high quality of most North Sea crude oils, together with their proximity to most Western markets, means that they can command a premium price of perhaps a dollar a barrel when set against the heavier crudes of the Middle East. This raises questions about the Government's plans for refining and marketing the U.K. crude. Oil companies are already snarling at the Department of Energy, which has insisted that North Sea crude should not be sold under long-term contracts. This recent decision, which follows pressure from the British National Oil Corporation, is aimed at maintaining domestic supplies of the other hand: it may bring

when market conditions become tougher, perhaps in the late 1980s or 1990s.

Secondly the Government is still insisting that the majority of North Sea crude should be refined in the U.K. Oil companies have argued that it would make more sense to use the lighter North Sea oil only in order to replace the imported light crude. In this way they would continue to import large amounts of cheaper heavier crude but export equally large volumes of more expensive, lighter crudes.

Last year exports accounted for one-third of North Sea oil production—exactly in line with Government policies. However, so far this year exports have crept up to about 40 per cent of output; a sign, perhaps, that the oil industry's arguments are being recognised. Mr. Whitehall? Not so, said Dr. Dickson Mabon, Minister of State for Energy. "We shall need a lot of convincing by the companies during our consultations of the benefits of the current levels of exports."

Other areas of Government policy which are likely to become clearer over the coming months include the attitude towards depletion controls. At one time it was thought that Britain would be a significant net exporter of North Sea crude in the mid-1980s. For a number of reasons, this does not now seem likely. Indeed, the Energy Department gives the impression it is happy to see offshore production remaining in balance with domestic demand for as long as possible. With this in mind, the Department has adopted a much more regulated approach to offshore licensing—basically on the basis of "little and often." It is also likely to give the British National Oil Corporation a number of its own blocks so that any oil found can be kept for a time when it is needed in the national interest.

This is already the case with British Gas, which has its own field—the Merne field—in the Irish Sea. The Corporation has all the natural gas that it needs at the moment so it may well decide to sit on the final supply from the southern sector of the Oil Corporation. Is aimed at North Sea to begin to fall off. On maintaining domestic supplies the other hand: it may bring

Contracts

Supply contracts recently been made by organisations as *Adv* Wilson, Monsanto, Br Corporation, Wedge Royal Doulton, Br maintain that when able it is selling on basis that it is a price in the past year of existing customers their gas supply contracted. Some hefty increases; rising of one cent. In contract price been uncommon. To that the price level should be market other fuels, partic products. According bridge Information search Services Energy for industry previous gas prices, a long way below price for competit Even with recent nents "gas retaining edge both in use" Interrup continued to be sold at with firm gas prices, remained cheaper fuel oil.

Adv

Roy F

Coal production

THE CERTAINTY of all experts that the world is going to have to manage its available energy resources more carefully is having one positive effect in that it is being translated in practical terms into a world renaissance of coal-mining. There is more than 600bn tonnes of economically recoverable coal in known world deposits. It is enough to last the world for centuries if taken and used within a coherent pattern alongside other fuels; and if the work of exploitation and exploration continues in balance.

When the World Energy Conference in Istanbul in September considered all the world's resources of primary energy in a wide-ranging series of studies it was agreed that from the middle 1980s onwards much of the new world demand for fossil fuel will be met directly by coal—or indirectly through the production of oil in terms of liquid fuel. World coal demand is thus expected to increase until, by the year 2020, it will be between 4 and 6 times the current level. That represents a projected increase from just over 2,000m tonnes a year to nearly 8,000m tonnes a year. Output by the main coal producing nations is expected to go up as follows:

	1975 (millions of tonnes)	2020 (millions of tonnes)
Australia	69	300
Canada	23	200
China	349	1800
East Germany	120	155
India	73	500
Japan	19	20
Poland	181	390
South Africa	69	300
Britain	129	173
United States	581	2400
Russia	614	1800

As production rises the volume of coal trading round the world will grow until by the next century the combined international trade in coal and liquefied gas is expected to be running at about the same levels as international oil trading at the present time. But the World Energy Conference warned that expanding the world coal industry will not be easy because of the major decisions necessary on mining investment and transportation. "Action must be taken now," the conference decided. The need is for governments and coal consumers to take long-term decisions about the

the long-run to a piece of country which has, in the past, suffered the blight of industrial dereliction. The NCB into serious it could put the industry into the red zone that in turn cut government to vital flow of capital and modernising mines.

So well has the technical development of the NCB proceeded since the energy crisis first erupted that the board and the Government are now planning for a continuing investment in the industry called Plan 2000. It involves a continuous £400m a year programme to raise mining capacity in Britain to some 170m tonnes a year by the year 2000. But the industry has an Achilles Heel: that is the difficulty being experienced in achieving higher productivity from its 245,000 mining force in return for more mechanisation and higher pay. Although the industry made a small operating surplus of £27m in the last financial year Sir Derek Ezra, chairman, warned recently that falling productivity could lead

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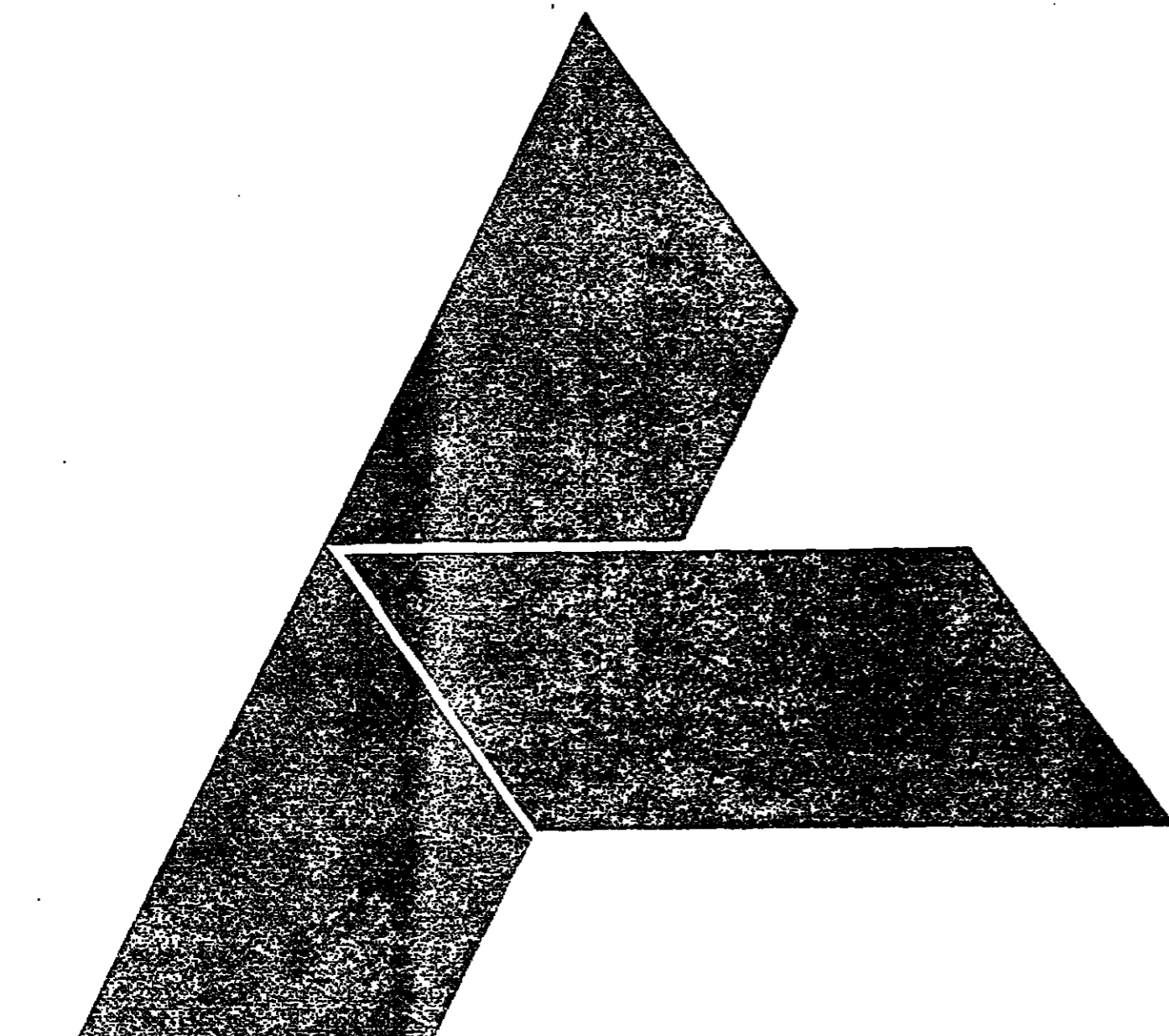
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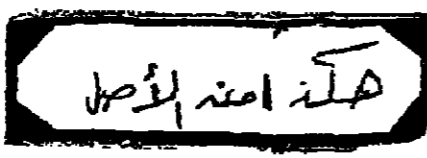


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MANAGING ENERGY III

Advice from the suppliers

Government is to have been in the forefront of asking anything the promotion of energy conservation and effective fuel management.

the country is the success of the industry in their own ways in savings can be Government, in Department of the mood and the egic framework conservation, but it not it will be ly industries, be l or electricity, icated technical

Dr. John Under country may be worth £1.5bn, a rich makes the y the Govern- "Save It" the last three insignificant. n's sums are his asted energy is 10 per cent, on rrent energy was already mounting in some £13.6bn. a arithmetic is formidable growing legion ers and consul- e all, to the supply ily, the gas after all is con- ally with a limited supply,

MARKET SHARES OF OIL, GAS, ELECTRICITY AND COAL ON HEAT SUPPLIED BASIS

	Industrial		Domestic	
	1976	1966	1976	1966
OIL	38%	39%	10%	7%
GAS	27%	4%	42%	15%
ELECTRICITY	12%	9%	20%	14%
COAL	23%	46% (1964)	28%	64% (1964)

Source: Dept. of Energy Digest of U.K. Energy Statistics 1977.

ally for the fuel managers and energy conservation officers, and whose appointment by industry Government has been en- couraging. It deals with practical and technical aspects of fuel management and offers advice and instruction on simple steps that can produce significant fuel economies. It explains the use of the energy audit and discusses technical aspects of advanced process heating plant. This course is able to call on the resources of the Midlands research station, and equipment designed and developed by it to achieve very high fuel efficiency can be demonstrated in a laboratory purpose-built for the school.

Courses

At a lower level of sophistication, the School of Fuel Management has also designed and packaged a series of courses which can be run by local staff in the British Gas regions. It is designed for works managers,

listed companies have easily out-performed the hopeful candidates of 1976, when the top 15 companies achieved savings of well over 2m. therms a year, enough gas to supply 4,000 homes.

The candidates for this year's Gem award offer diverse approaches to the issue of energy conservation, but they have in common the factor that a positive approach to fuel management cannot only cut down fuel bills, but also just as importantly bring major improvements in productivity and output.

One idea developed jointly by British Gypsum part of BPE Industries and the East Midlands Region of British Gas, for instance, sets out to improve the basic calculation production process after gypsum-bearing rock has been separated and crushed to a fine powder. A prototype production unit evolved by the two sides increased output over traditional methods by 85 per cent, and additionally improved fuel use by 20 per cent. International patents have already been granted to British Gypsum in some countries while other applications are still pending.

British Gas, which traditionally has had to compete in industrial markets against cheaper, less efficient fuels, has of course been ideally placed to devote considerable resources towards the achievement of maximum fuel economy. But according to Mr. Peter King, head of the School of Fuel Management, many organisations

each application. "For too long past prejudices have been allowed to colour this decision," says Mr. King. "Steam, for instance, should generally be phased out and consideration given to direct firing."

Ever since the energy crisis shows, and any improvement in its share will only be derived from the fuel becoming more competitive through increased productivity and moderated cost increases. In common with the other supply industries, the major oil companies all maintain technical advisory staff to offer advice on fuel consumption and efficient combustion to customers. But to a greater extent than in the other sectors the oil industry must also cope with sharp competition in the market place, which has been characterised by generally depressed demand levels and a recent glut of products. More than most, the conservation message tends here to be mixed up with the general sales profile of the industry.

Kevin Done

TALKING OF ENERGY...

Marks & Spencer responded to Britain's energy crisis in 1974 quickly and effectively. Consumption was reduced, wastage checked, economies made in the use of light, heat and water.

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Advances in electricity

difficult post-wards. Instead demand for electricity has actually fallen up with a fast since the peak of 1974-75.

Coal and oil fired plant due to be commissioned before the early 1980s amounts to 5,000 unaccustomed mW at the Isle of Grain. Ince on the Mersey, and Little- needs. That brook D on the Thames, Drax as a result of B will add to that another 2,000 f energy, more mW. The advanced gas-cooled isage, and the reactor station, Hinkley Point orid trading B, has been commissioned has been felt during the last year, with a rcity users as capacity of 1,000 mW. Still be- nicals, and en-

Cautious

Some small gas turbine generation plant is also being constructed and a new hydro storage plant at Dinorwic, North Wales, will have a capacity of some 1,500 mW. In short, the industry needs to be very cautious about its immediate power station plans if it is to avoid wasteful over- tricity being perpetuated. There is a nice balancing act to be performed between building new and expensive plant which will provide power cheaply once any station during its first year.

There is no doubt that the CEBG will wish to swing more decisively towards nuclear generation when it is in a position to begin a new forward ordering power programme. Much will depend upon that

station closures as the new capacity becomes available. As for demand, the Electricity Council in March this year adopted a level of 51,500 mW as the likely peak winter demand for 1983-84. That compares with a winter peak of 42,000 mW during the winter of 1976-77. The council is reckoning upon a growth in electricity usage of 9 per cent a year between now and 1984, a rate far below the heady growth of ten per cent a year and more experienced in the 1950s and the 1960s.

The CEBG is very pleased with the high performance of its eight Magnox nuclear power stations - the first generation stations - which have contributed more than 220,000m. kWh to the national grid. They are now producing electricity at 40 per cent below the cost of oil-fired power stations and 30 per cent below the cost of coal-fired power stations. The advanced gas-cooled reactors are expected to produce electricity even more cheaply. The first CEBG station - Hinkley Point B - is working smoothly and has produced the cheapest nuclear-generated electricity of any station during its first year.

Essential

The view of the Electricity Council is that Britain is better placed than most industrialised countries with regard to indigenous supplies of fossil fuel and that for the next ten years or so supplies of coal, oil, and natural gas will be more than sufficient to meet home demand. Beyond that nuclear power is regarded as essential to augment fossil fuels in Britain. There are forecasts that it might be necessary to bring nuclear plant into service during the 1990s at a rate of some 4,000 MW a year. The Electricity Council stated recently that it recognises the

environmental problems posed in that sort of estimate. But in the council's opinion it is important to recognise also that the timescales for planning and building nuclear plant are such that, "a start will have to be made very soon if there is to be any hope of achieving a rate of commissioning of nuclear plant which exceeds that which has been possible in the past for conventional plant."

One result of the CEBG's present surplus of power stations is that it enjoys a greater flexibility in its choice of fuels than it has ever enjoyed in the past. And it recognises that it must remain competitive. There are some industries - aluminium and chemicals being two examples - which are so power hungry that they can only afford to operate in Britain if power costs are kept competitive in relation to what they would have to pay in Europe and other parts of the world.

Roy Hodson

However, the slowness of construction of big engineering plant on site remains a major headache. The electricity authorities must take it into account when drawing up their medium and long-term plans for new British power stations.

John installs natural gas central heating the age of thirty the year 2000, he will use natural gas which have already bought



Nobody knows what will happen in twenty or thirty years. But one thing is for sure: we'll need a lot of energy. That's why we buy gas for the years beyond 2000 today.

But the job of providing secure natural gas supplies now and in the future doesn't end here. Natural gas transmission systems are needed. We construct and operate them alone and together with other companies. Buried pipelines, which do not harm the environment, cross West Germany and link it with other countries. We develop new technologies for the transmission and storage of natural gas. We are, together with others, involved in coal gasification research.

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We take care of natural gas

MANAGING ENERGY IV

Alternative sources

There are two energy crises. One is the immediate crisis of cartel pricing and power politics. The other crisis merges the medium and the longer term. It looms first as a petroleum drought, beginning its spread within a few decades. Then coal and nuclear power remain to see us through a few centuries—even through very many centuries. If breeder reactors can be developed to do everything that their advocates hope of them.

But all mineral resources, whether of fossil or of nuclear fuel, are finite, and (with perhaps one exception) will (it is hoped) be long outlasted on this earth by mankind. The possible exception is the raw material for thermonuclear fusion, a process mastered so far only for weapons of mass destruction. If this process can be tamed it may put off the ultimate energy crisis for as long ahead as makes no matter, "burning" hydrogen isotopes as fuel and drawing them abundantly from the oceans. However, taming the H-bomb process will be harder than it was to get men to the moon, or than it will be to get robots to the more distant planets. It may yet prove too hard to be done. So, as an insurance if nothing else, thought must be given to alternatives. And the biggest and brightest alternative in view is the sun. Oil, natural gas and coal are anyway merely saved-up solar energy. Ultimately mankind

may be left with only the sun's radiation and those energy sources that the sun keeps renewing, such as the hydrological cycle, the winds, the waves and ocean currents.

Everything depends on how far ahead the ultimate energy crisis is, or rather how much time we have to avert it, but the prophecies could scarcely differ more. Meanwhile, solar energy keeps streaming in, and so do claims that at least some of this bounty could soon, if not almost at once, help us save those precious minerals for more durable purposes than heating. Even in overcast Britain, solar energy is attracting the Government's scientists. A recent report prepared for the Department of Energy by the Harwell Energy Technology Support Unit pointed out that very little of the earth's surface has a solar energy income more than double the U.K.'s. Within 25 years, the report predicted, about 2 per cent of Britain's present energy needs could be supplied, with a minimum of disturbance to our lives; and another 25 years after that, admittedly with more disturbance, the solar contribution might have become 10 times as great. So a four-year programme has been launched this year, offering £6m. of Government backing for commercially orientated solar research and development.

Commercially orientated solar enterprises have mushroomed

in response to the quickening of popular interest. Inevitably, some of the mushroomers have proved to be toadstools. On average, one serious complaint is received per week at the Royal Institution, which provides the London headquarters for the U.K. Section of the International Solar Energy Society. Typically, the trouble is that some "guaranteed" solar heating system has broken down after a few months, and the installer has turned out to be a fly-by-night plumber who diversified his business beyond his abilities. U.K.-ISES is a sitting target for such complaints but is not well equipped to deal with them, so they get sent on to the Solar Energy Research Unit at University College, Cardiff, where the Department of Industry has helped to set up an information office.

U.K.-ISES, an organisation mainly of technical people not blinded by their enthusiasm, is worried by the number of complaints coming in about misleading or wildly optimistic claims by a substantial minority of solar firms. The vice-chairman of U.K.-ISES, Dr. J. C. McVeigh, of Brighton Polytechnic, wants "informed technical opinion" to protect the consumer by reporting such cases to the Advertising Standards Authority. Self-discipline seems to be lacking in the infant solar industry. A start might be made in the Solar Trade Association, but for

the present that body is careful to point out that terms such as "approved," "qualified" use as "accredited," while they may not be used by members, are not awarded by the Association.

Rebates

Last month Which? looked sceptically at President Carter's espousal of solar energy—he wants to use tax rebates to encourage domestic solar heating—and concluded that investment in the necessary equipment does not seem economic yet. First put your money into thermal insulation, advises Which? and then think about a solar heating system only if you can fit it yourself or if you are more anxious to save the country's fossil fuel than to save your own money.

Even that arch-sceptic of "alternative" energy sources, Sir Fred Royle, is not inclined to disagree with this. The big schemes are the ones that he condemns. In his new book *Energy or Extinction*, he writes: "Small-scale solar projects for the home may make sense, if you can afford one of them, but I have not yet seen any large-scale, sunlight-collecting project that would be

likely in the foreseeable future to deliver as much energy in its use as it consumed in its manufacture."

Sceptics notwithstanding, President Carter is not alone in seeing solar energy as more than a home help, and in regarding it as a major long-term alternative to mineral resources, whether of fossil or nuclear fuels. Sunshine is important as a potential "alternative fuel," says Professor J. K. Page, of Sheffield University, simply because there is so much of it. In other words, however much energy may be consumed in manufacturing solar equipment, unless it demands an extraordinary amount of upkeep it must make an energy profit in the end.

The fact remains that we cannot enjoy this fabulous energy income without large capital investment. The glossy brochures say that the energy is "free." So it is, but the means for converting it to use are expensive. Take solar cells. They have been reliably turning sunshine into electricity for spacecraft during two decades. They have also come down to earth to drive the corrosion-preventing equipment of desert pipelines, remote telecommuni-

cations stations, air traffic beacons, marine buoys, fire and burglar-alarms and so on. At £3 to £20 per watt they may outdo batteries for such purposes, but they are at least 50 times too expensive to compete with power stations. The British Government's research programme is therefore content to leave development of solar cells to the Americans, the French, the Japanese and the Russians, but British research by companies and universities is being kept alive by other sponsors, how- ever. One is the EEC, which concentrates much of its solar research and development programme on solar cell studies.

For large-scale electricity generation the solar system that seems most likely to prove economic is the "power tower." This is a tower carrying a boiler vessel on which are trained the sunbeams reflected from a vast array of mirrors. A 10 MW pilot plant on this principle is due to be completed in California in 1980. The EEC has plans a much smaller plant in Italy, and the International Energy Agency an even smaller one in Spain. Meanwhile, the French have got themselves into the history books this year, (most probably) electrical with the first solar power station

to supply a national grid: its capacity is a not-overwhelming 64 kW.

A notable portion of the Earth's solar energy receipts is spent on stirring up the atmosphere, and wind power is now attracting some Government interests. But the Astronomer Royal's earnest ventilation of the subject has not yet fanned the official spark of interest into a flame of enthusiasm. Monster wind-driven power stations may not after all, fit easily into this sphere. It is capricious, making it necessary to store energy so that demand can go on being satisfied whatever the state of the wind. Storage by artificial means is still a big problem, but fortunately there is an enormous natural store. This is in the waves.

Wave power was Dr. Walter Marshall's favourite alternative source of energy while he reigned as chief scientist at the Department of Energy. Sir Hermann Bondi, Marshall's successor, may judge differently, but so far has made no public sign. Official backing in one form or another is being given to about half a dozen variously developed in relatively savage trial steps. A large wave would give volumes of investment power. The idea that has most

caught the public imagination is the invention of Salter, of Edinburgh University, the Salter Duck. A row of buoys hinged to it. They are individually hinged to the water on a giant piano. These motions drive gear machinery in the boom of a fifth-scale model, tested on Loch Ness, with a fifth model on a Coventry r Lancaster Polytechnic, the work under contract Energy Associates, a group of Ready Mixed Concrete by a grant from the Department of Energy.

The design of a quasi model of a "commercial" generator should be from all this, next to construction and test it next three years. Yet all the ingenuity and of Salter and the other only an optimistic wish that much power will be generated. The country's most energy of the 1980s, the century is out.

As for tidal energy, Britain has one of the best potential sites in the world, the sea between the Hebrides, the best exploiting this is a single, difficult, to wave-power schemes developed in relatively safe trial steps. A large wave would give volumes of investment power. The idea that has most

Favourite

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Arthur Col

Achieving savings

WASTED ENERGY may be costing Britain as much as £1.3bn. a year. That estimate, drawn up by the Energy Department during its preparations for the National Energy Management Conference in Birmingham which coincides with this survey, is a forcible reminder of just how far there is to go along the road to making proper use of natural resources.

Great strides have been made since the massive rise in oil prices triggered off by the tension in the Middle East. Governments, industry and individuals to give energy consumption the sort of close attention long been urged by those concerned at the depletion of the earth's resources. Currently, energy consumption in the U.K. is thought to be running at a rate some 6 per cent below what it was before the oil weapon exploded in 1973. Industry is estimated to have cut its consumption by 3 to 7 per cent, transport by 1.5 to 9.5 per cent, and the domestic sector by 1.5 to 9.5 per cent.

The figures, very much estimates, sound impressive. Yet our energy bill last year, at over £13.5bn., was 20 per cent, up on 1975, with consumption, 325m. tons of coal equivalent, 1.5 per cent higher.

Energy Department studies suggest that overall savings of 10 per cent across the board are still possible. Some large companies could cut their annual costs by as much as £1m. In iron casting alone, a recent Government report said savings of at least £15m. a year at current prices are possible within 15 to 20 years. Overall, Ministers have estimated, conservation could save the country the

equivalent of £2bn. a year in fuel costs by the year 2000.

Yet, though the ways of energy saving are painfully apparent each time the bills arrive, and each time another hoped-for oil well is abandoned, the hows may not be so clear cut.

Thus, it seems obvious that an even bigger switch to small cars than we have already seen would immediately reduce fuel consumption. Left out of the equation is the energy used to produce those cars and the fact that, generally speaking, a large car lasts longer than one with a small, energy-conserving but highly stressed engine—at the expense, compare the average life expectancy of a Mini and a Rolls-Royce. The issue is patently highly complex. Apparently obvious cost benefits may be less so when all the factors are taken into account; other genuine cost benefits may be slow to emerge.

Evidence

This is one reason why industry in general—though there are many honourable exceptions—still appears to be dragging its feet in seeking ways to save energy. As Dr. John Cunliffe, Parliamentary Under Secretary for Industry, put it only a fortnight ago: "One problem is that firms and other organisations often delay taking energy-saving measures because they doubt such actions are cost effective. Yet the evidence shows that investment in energy conservation can involve remarkably short pay-back periods."

One company well able to provide that evidence is Courtaulds, the textiles group. It may have been experiencing difficult trading conditions, but it generated £10.5m. more cash

in the 24 months to last January than it would have without any energy conservation programme.

The programme began in 1974, when the Board set an energy saving target of 10 per cent. In the first year, energy consumption in relation to units of production dropped by 6 per cent. Last year, a further 6 per cent fall was achieved, and the position, has continued to improve during 1977.

Many of the methods used to achieve these savings were in themselves minor: the use of plastic strip curtains across loading bay doorways to reduce heat loss when the doors are open, pipe-lagging, and draught-proofing, for example. Others involved improved maintenance checks on, for example, air conditioning equipment to assure its working at full efficiency. Still others involved relatively considerable expenditure: the replacement of power-raising equipment with more modern boilers, for example. But overall spending on new equipment is estimated at only £1m. to £2m. (the exact figure is not known because so many of the items involved were, in effect, bought-out of petty cash), and it is spending that will go on producing dividends for many years to come.

In Birmingham, Boxfolida, a printed cartons manufacturer, has for over 30 years given energy consumption its due importance, achieving savings which probably few factories can match. In 1933, it was recording the early morning indoor temperature to ascertain whether heating would be necessary inside—an elementary measure but one still often ignored in other plants where heating boilers are switched on regardless of need. In 1947, the

cavities between the inner and outer roof linings were filled with 3-inch fibre glass, a high standard of insulation even for today, reducing heat loss by 86 per cent. Pattern staining of the energy saving target of 10 per cent. In the first year, energy consumption in relation to units of production dropped by 6 per cent. Last year, a further 6 per cent fall was achieved, and the position, has continued to improve during 1977.

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Waste cut

Another good example of energy-consciousness is Vauxhall Motors, which reckons that improved production techniques, employee education and better engineering saved it some £500,000 on energy bills in 1975 compared with 1972. Among its recent innovations is the purchase of a Honeywell Delta 1000 building controller as part of an energy management scheme expected to save over £140,000 a year by reducing waste in the use of energy at its Dunstable truck factory. The microprocessor based installation will monitor closely what is going on throughout the 2.5m. square yard plant in terms of temperature and equipment in use, a 3 machine decisions that will reduce waste to a minimum. If the hoped-for savings materialise, the entire cost of the system will be repaid within around ten months.

Courtaulds, Boxfolida and Vauxhall are examples of companies actively pursuing the fuel cost-cutting trail. Elsewhere, the initiative is not being left just to the individual

concerns. In the industry, for example, some members are cutting around 14 per cent of used by industry, but the industry's consumption by 10 per cent. That in a sector which had been reduced consumption per unit by 28 per cent in the 1970s.

In another area, Manufacturers' Federation up an energy committee years ago to promote savings among its members account for around 14 per cent of industry's energy, some food manufacturers already achieved savings.

Outside industry, it another obvious area savings are relative. Cavity wall insulation: these well-known remedies slated to have the U.K.'s annual prime consumption within five to 10 years.

With the Government brink of launching a new measures aimed at energy conservation, industry, commerce, home, and with it very likely that a part of its take from revenues will be used, it is clear that subject of energy going to remain in front for a long time. It is vital that it should that industry and home—including local government—in taking steps to reduce their

David W

International Energy Bank Limited

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Liquid motor fuels and base materials for the chemical industry, produced from 14,000 million cubic metres synthesis gas a year in a second large South African plant. In Europe, USA and other parts of the world further major projects for the production of synthesis gases for chemical and iron industries. Clean fuel gases are in the pipeline.



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...the plants are built by Lurgi

Vertical text on the far right edge of the page, including 'AUTHOR', 'TIMES STOCK', and 'STATISTICS', which appears to be part of a page bleed-through or a separate column of text.

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Table listing various unit trusts and their performance metrics, including Brown Shipley & Co. Ltd., Guardian Royal Ex. Unit Mgrs. Ltd., and others.

Table listing offshore and overseas funds, including Fidelity Mgmt. & Res. (Mada) Ltd., Kemp-Cook Management Jersey Ltd., and others.

ed 01-351 3466. Three-month Lead 343-347 trading on commodity futures modify futures market for the smaller investor

Table titled 'AL TIMES STOCK INDICES' showing various stock market indices and their values.

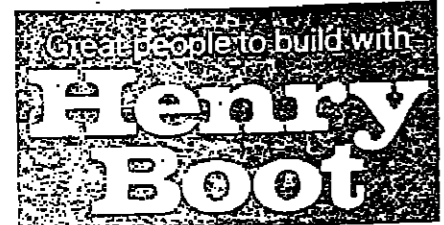
Table titled 'IS AND LOWS S.E. ACTIVITY' showing market activity and trends.

State 'should pay port expenses' THE MERSEYSIDE Chamber of Commerce and Industry has called for shifting of financial responsibility for dredging and other port charges from port authorities to central Government to achieve a uniform policy in the Mersey.

INSURANCE, PROPERTY, BONDS

Large advertisement for insurance, property, and bonds services, listing various companies and their offerings.

Additional text at the bottom left of the page, possibly related to the 'State should pay port expenses' article.



Henry Boot Construction Limited Sheffield Tel: 0246-410111

FT SHARE INFORMATION SERVICE

HOTELS—Continued

Table with columns: Dividend, Stock, Price, Last, Div, Cr, Yld, etc. for various hotel companies.

INDUSTRIALS (Misc.)

Large table listing various industrial stocks with columns for Dividend, Stock, Price, Last, Div, Cr, Yld, etc.

ENGINEERING—Continued

Table listing engineering stocks with columns for Dividend, Stock, Price, Last, Div, Cr, Yld, etc.

ELECTRICAL AND RADIO

Table listing electrical and radio stocks with columns for Dividend, Stock, Price, Last, Div, Cr, Yld, etc.

FOOD, GROCERIES, ETC.

Table listing food and grocery stocks with columns for Dividend, Stock, Price, Last, Div, Cr, Yld, etc.

HOTELS AND CATERERS

Table listing hotels and caterers stocks with columns for Dividend, Stock, Price, Last, Div, Cr, Yld, etc.

BUILDING INDUSTRY—Cont.

Table listing building industry stocks with columns for Dividend, Stock, Price, Last, Div, Cr, Yld, etc.

CHEMICALS, PLASTICS

Table listing chemical and plastic stocks with columns for Dividend, Stock, Price, Last, Div, Cr, Yld, etc.

CINEMAS, THEATRES AND TV

Table listing cinema, theatre, and TV stocks with columns for Dividend, Stock, Price, Last, Div, Cr, Yld, etc.

DRAPERY AND STORES

Table listing drapery and stores stocks with columns for Dividend, Stock, Price, Last, Div, Cr, Yld, etc.

BUILDING INDUSTRY, TIMBER AND ROADS

Table listing building, timber, and roads stocks with columns for Dividend, Stock, Price, Last, Div, Cr, Yld, etc.

BEERS, WINES AND SPIRITS

Table listing beer, wine, and spirit stocks with columns for Dividend, Stock, Price, Last, Div, Cr, Yld, etc.

FOREIGN BONDS & RAILS

Table listing foreign bonds and rail stocks with columns for Dividend, Stock, Price, Last, Div, Cr, Yld, etc.

AMERICANS

Table listing American stocks with columns for Dividend, Stock, Price, Last, Div, Cr, Yld, etc.

AMERICANS—Continued

Table listing American stocks (continued) with columns for Dividend, Stock, Price, Last, Div, Cr, Yld, etc.

BANKS AND HIRE PURCHASE

Table listing bank and hire purchase stocks with columns for Dividend, Stock, Price, Last, Div, Cr, Yld, etc.

CANADIANS

Table listing Canadian stocks with columns for Dividend, Stock, Price, Last, Div, Cr, Yld, etc.

BRITISH FUNDS

Table listing British funds with columns for Dividend, Stock, Price, Last, Div, Cr, Yld, etc.

AMERICANS—Continued

Table listing American stocks (continued) with columns for Dividend, Stock, Price, Last, Div, Cr, Yld, etc.

BRITISH FUNDS

Table listing British funds (continued) with columns for Dividend, Stock, Price, Last, Div, Cr, Yld, etc.

Over Fifteen Years

Table listing funds with over 15 years of history with columns for Dividend, Stock, Price, Last, Div, Cr, Yld, etc.

Updated

Table listing updated fund information with columns for Dividend, Stock, Price, Last, Div, Cr, Yld, etc.

INTERNATIONAL

Table listing international funds with columns for Dividend, Stock, Price, Last, Div, Cr, Yld, etc.

CORPORATION LOANS

Table listing corporation loans with columns for Dividend, Stock, Price, Last, Div, Cr, Yld, etc.

COMMONWEALTH & AFRICAN FUNDS

Table listing commonwealth and African funds with columns for Dividend, Stock, Price, Last, Div, Cr, Yld, etc.

LOANS (Misc.)

Table listing miscellaneous loans with columns for Dividend, Stock, Price, Last, Div, Cr, Yld, etc.

FOREIGN BONDS & RAILS

Table listing foreign bonds and rails (continued) with columns for Dividend, Stock, Price, Last, Div, Cr, Yld, etc.

AMERICANS

Table listing American stocks (continued) with columns for Dividend, Stock, Price, Last, Div, Cr, Yld, etc.

RIALS-Continued

Table of RIALS-Continued with columns for Price, Last, Bid, Offer, and various stock symbols.

INSURANCE-Continued

Table of INSURANCE-Continued with columns for Price, Last, Bid, Offer, and various insurance company names.

PROPERTY-Continued

Table of PROPERTY-Continued with columns for Price, Last, Bid, Offer, and various property-related stock symbols.

TRUSTS-Continued

Table of TRUSTS-Continued with columns for Price, Last, Bid, Offer, and various trust-related stock symbols.

TRUSTS-Continued

Table of TRUSTS-Continued with columns for Price, Last, Bid, Offer, and various trust-related stock symbols.

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MINES-Continued

Table of MINES-Continued with columns for Dividend, Stock, Price, Last, Bid, Offer, and various mine stock symbols.

AUSTRALIAN

Table of AUSTRALIAN stocks with columns for Dividend, Stock, Price, Last, Bid, Offer, and various Australian stock symbols.

TINS

Table of TINS stocks with columns for Dividend, Stock, Price, Last, Bid, Offer, and various tin stock symbols.

COPPER

Table of COPPER stocks with columns for Dividend, Stock, Price, Last, Bid, Offer, and various copper stock symbols.

MISCELLANEOUS

Table of MISCELLANEOUS stocks with columns for Dividend, Stock, Price, Last, Bid, Offer, and various miscellaneous stock symbols.

NOTES

Unless otherwise indicated, prices and rates are in pence and are based on latest annual reports and accounts.

TEAS

Table of TEAS with columns for Dividend, Stock, Price, Last, Bid, Offer, and various tea stock symbols.

INDIA AND BANGLADESH

Table of INDIA AND BANGLADESH stocks with columns for Dividend, Stock, Price, Last, Bid, Offer, and various Indian and Bangladeshi stock symbols.

SRI LANKA

Table of SRI LANKA stocks with columns for Dividend, Stock, Price, Last, Bid, Offer, and various Sri Lankan stock symbols.

AFRICA

Table of AFRICA stocks with columns for Dividend, Stock, Price, Last, Bid, Offer, and various African stock symbols.

MINES CENTRAL RAND

Table of MINES CENTRAL RAND stocks with columns for Dividend, Stock, Price, Last, Bid, Offer, and various Central Rand mine stock symbols.

EASTERN RAND

Table of EASTERN RAND stocks with columns for Dividend, Stock, Price, Last, Bid, Offer, and various Eastern Rand mine stock symbols.

FAR WEST RAND

Table of FAR WEST RAND stocks with columns for Dividend, Stock, Price, Last, Bid, Offer, and various Far West Rand mine stock symbols.

INSURANCE

Table of INSURANCE with columns for Dividend, Stock, Price, Last, Bid, Offer, and various insurance company names.

PROPERTY

Table of PROPERTY with columns for Dividend, Stock, Price, Last, Bid, Offer, and various property-related stock symbols.

TRUSTS, FINANCE, LAND

Table of TRUSTS, FINANCE, LAND with columns for Dividend, Stock, Price, Last, Bid, Offer, and various trust, finance, and land stock symbols.

TOBACCO

Table of TOBACCO with columns for Dividend, Stock, Price, Last, Bid, Offer, and various tobacco stock symbols.

FINANCE

Table of FINANCE with columns for Dividend, Stock, Price, Last, Bid, Offer, and various finance stock symbols.

REGIONAL MARKETS

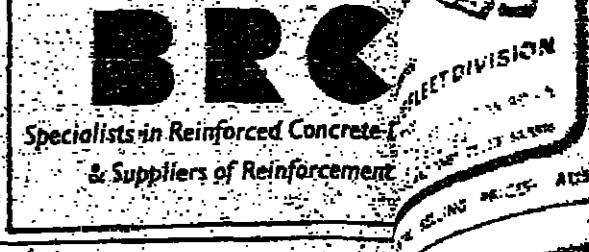
Table of REGIONAL MARKETS with columns for Dividend, Stock, Price, Last, Bid, Offer, and various regional market stock symbols.

DIAMOND AND PLATINUM

Table of DIAMOND AND PLATINUM with columns for Dividend, Stock, Price, Last, Bid, Offer, and various diamond and platinum stock symbols.

OPTIONS 3-month Call rates

Table of OPTIONS 3-month Call rates with columns for Dividend, Stock, Price, Last, Bid, Offer, and various option symbols.



Lending by banks increases sharply

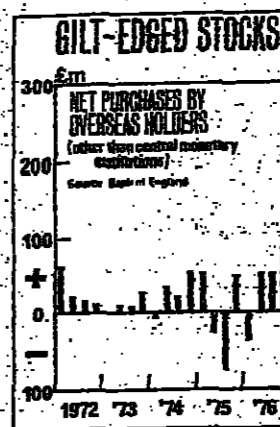
THE GROWTH of bank lending has accelerated quite sharply in recent months, according to the latest figures published by the Bank of England...

Rights issues likely to stay at low level

THE FLOW of capital-raising rights issues by companies, which has diminished considerably in the past few months...

Foreign money at the gilt market

When a market is rising as fast as the gilt-edged market has been recently—last week some of the long dated stocks again put on three points or more...



Rhodesia and Mozambique blame clash on each other

RHODESIA and Mozambique each claimed to-day to have been attacked by the other side in the South-Eastern border region...

Liberal bid to stiffen terms of pact

LEADING Liberals are to attempt to stiffen the terms of the Lib-Lab pact at the party's assembly in Brighton this week...

Plan to strengthen powers for councils to help industry

THE GOVERNMENT is planning to introduce a Bill giving some local authorities extra powers to help industry...

IMF backing

Lennox-Boyd, secretary-general of the Organisation for Economic Co-operation and Development, said today that in spite of the recent German and Japanese packages...

Bribery

The plan has all along been that the draft code, when agreed by the Commission after consultation, should be submitted to the ICC in December for adoption and promulgation for companies use...

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Weather forecast table for U.K. TO-DAY and BUSINESS CENTRES, including locations like London, Edinburgh, and Glasgow.

Vertical advertisement on the right edge of the page, partially cut off, mentioning 'FLEET' and 'BUSINESS'.